MONDAY SPORTS
SUNDAY BASEBALL
Page 13

International Herald Tribune

Published With The New York Times and The Washington Post

Algeria ... 6.00 Dn. Iran ... 115 Rials Oman ... 1.000 Rials
Austria ... 25 S. Israel ... NIS. 3.50 Poland ... 15.000 Zl.
Bahrain ... 0.800 Dn. Italy ... 2.200 Lire Portugal ... 170 Esc.
Belgium ... 50 B.Fr. Jordan ... 1 JD Qatar ... 8.00 Rials
Cyprus ... C.£ 1.00 Kenya ... Shs. 45 Rep. of Ireland. 80 P.
Czechoslovakia 25 Kr Kuwait ... 500 Fils Saudi Arabia 7.00 R.
Denmark 12.00 D.Kr. Lebanon ... U.S.$1 10 Spain ... 165 Ptas.
Egypt ... E.P 3.750 Libya ... L.Din. 0.60 Sweden ... 10.30 S.Kr.
Finland ... 9.00 F.M. Luxembourg 50 L.Fr. Switzerland 2.60 S.Fr.
France ... 8.00 F. Madeira ... 175 Esc. Tunisia ... 1.000 Din
Germany ... 2.80 D.M. Morocco ... 11.00 Dh. Turkey, T.L. 3,200 00
Great Britain ... £0.70 Netherlands ... 3.00 Fl. U.A.E. ... 8.00 Dirh
Greece ... 200 Dr. Norway ... 12.00 N.Kr. U.S. Mil. (Eur.) 50.85
Hungary ... 100 Ft. Nigeria ... 10.00 Naira Yugoslavia ... 20 ND.

No. 33,418 32/90 ** PARIS, MONDAY, AUGUST 6, 1990 ESTABLISHED 1887

Marines Rescue 59 Americans From Monrovia

Action Follows Rebel Threat To Arrest All Foreigners

By Ann Devroy
Washington Post Service

WASHINGTON — U.S. Marines, launching a daylight helicopter operation from ships offshore, rescued 59 Americans on Sunday from the Liberian capital of Monrovia to protect them from what the White House said was imminent danger in that war-torn nation.

The White House said there were no injuries among the 225 Marines involved in the operation or among the evacuees.

"The initial operation went well and we are unaware of any shots being fired or resistance encountered," the White House press secretary, Marlin Fitzwater, said.

Virtually all U.S. citizens in Liberia were warned of the danger of remaining there and were asked to depart, but many declined, administration officials said. About 311 remain.

The rescue operation was launched from four U.S. ships off the coast of Monrovia, where much of the civil war's fighting has been centered lately.

The Marine rifle units landed at the U.S. Embassy, where Americans wishing to leave, including much of the diplomatic staff, were gathered. Helicopters took them to the helicopter assault ship Saipan.

[The flights were clearly visible from a rebel-held beach a few kilometers from the center of the capital, and there was no apparent interference with the mission, Reuters reported from Monrovia.]

Mr. Fitzwater, announcing the action, said that President George Bush had ordered the operation late Saturday after Prince Johnson, one of the rebel leaders trying to oust President Samuel K. Doe, threatened to arrest all foreigners in Liberia. "It was a very clear indication of a threat against U.S. citizens," Mr. Fitzwater said, "and that was a factor that caused us to move."

The forces were sent in to "secure the embassy, accomplish the rescue operation, secure and remove Americans from two communications sites and remain as long as necessary to assure the security" of the remaining embassy staff, Mr. Fitzwater said. A small staff will remain at the embassy, he said.

A White House official said that U.S. personnel working at the two communications facilities were among those evacuated and that the sites were abandoned. The two are CIA and Defense Department collection and relay facilities for diplomatic and intelligence communications throughout Africa.

Less than four hours after the White House announced the action, officials said the "rescue phase" was over. The 59 Americans were to be taken to Freetown, Sierra Leone, the country adjoining Liberia to the west.

Mr. Fitzwater said a Marine Corps reinforced rifle company was in place at the embassy compound to secure it and to aid other Americans who want to leave. "The Marines will remain in Liberia as long as necessary to ensure the safety of U.S. citizens in that country."

He said that no shots were fired in Sunday's operation, but that the Marines were considered as being "in a battle situation."

The operation, Mr. Fitzwater added, "does not indicate or constitute any intention on the part of the U.S. government to intervene militarily in the Liberian conflict."

In the seven-month civil war, rebel forces have been battling to

See DOE, Page 5



The Associated Press

Bush Demands Total Pullout By Iraq and End to Proxy Rule

By Thomas L. Friedman
New York Times Service

WASHINGTON — Committing the United States to roll back Iraq's conquest of Kuwait, President George Bush said Sunday that he would not settle for anything less than a total Iraqi withdrawal from Kuwait and would not tolerate the establishment there of a puppet regime.

In a forceful statement that all but committed Mr. Bush to use military force against Iraq if diplomatic efforts and economic sanctions fail to produce an Iraqi withdrawal, Mr. Bush said the invasion "would not stand."

"These are outlaws, international outlaws and renegades," he said of the Iraqi leadership.

To tighten economic sanctions on Baghdad, administration officials said they were considering a naval blockade of the Saudi and Turkish ports from which 90 percent of Iraq's oil is carried by tankers to markets abroad.

As the president underscored American resolve to respond to the invasion, administration officials said that Iraqi troops — rather than withdrawing from Kuwait as Baghdad claimed Sunday — were building up their units in southeastern Kuwait along the border with Saudi Arabia.

The officials said the movement of 20,000 to 30,000 new Iraqi troops along the Saudi border could be preparation for a strike at Saudi oil fields.

More likely, though, they said, the Iraqi move could be designed to get the West so concerned about defusing a potential Iraqi threat to Saudi Arabia that it will be relieved to accept Baghdad's occupation of Kuwait as a fait accompli.

■ Iraq 'Lied Once Again'

Mr. Bush said Iraq "lied once again" and reneged on its pledge to pull its forces out of Kuwait.

The president conferred again late Sunday afternoon with his top national security advisers at the White House. Administration sources said he was sending Defense Secretary Dick Cheney to Saudi Arabia to confer with leaders of the desert kingdom.

Mr. Bush turned aside reporters' questions about whether Turkey or Saudi Arabia would shut off pipelines critical to Iraq's oil distribution. He also refused to discuss any military action the United States might be planning.

"I'm not going to discuss what we're doing in terms of moving of forces, anything of that nature," he said.

Speaking on condition of anonymity, an administration source said it had not been determined whether Mr. Cheney would visit only Riyadh, the Saudi capital, or other Mideast nations as well.

Mr. Bush praised Japan's decision to join an international boycott of oil from Iraq and Kuwait, and said he planned to speak again with President Turgut Ozal of Turkey as part of the "intensive diplomatic activity around the world."

He said he had offered Kuwait's emir, now in exile, "certain assurances" in a telephone conversation on Saturday.

"There seems to be a united front out there that says Iraq, having committed brutal, naked aggression, ought to get out, and this concept of their installing some puppet leaving behind will not (be) acceptable," the president said.

Mr. Bush was clearly agitated, cutting short reporters' questions at times and speaking in terse sentences. He ended the impromptu news conference with these words:

"This will not stand," he said. "This will not stand, this aggression against Kuwait."

Mr. Bush said he considered his options "wide open." He was asked whether Turkey and Saudi Arabia would shut off the oil pipelines that provide a critical outlet for Iraqi's oil.

"There is a strong feeling on the part of the NATO countries to whom I've talked, Turkey being

See BUSH, Page 6



Reuters

The U.S. frigate Barbey patroling in the Gulf; Sheikh Jabbar al Ahmad al Sabah, Kuwait's emir, making appeal on Saudi television.

New Regime Warns Of Hostage Taking

Kuwait Responds to Sanction Call

By John Kifner
New York Times Service

CAIRO — Iraq's new proxy government in Kuwait threatened possible hostage taking or nationalization of foreign property Sunday in the face of international calls for sanctions against Iraq for taking over its tiny, wealthy neighbor.

"Countries that resort to punitive measures against the provisional free Kuwait government and fraternal Iraq should remember that they have interests and nationals in Kuwait," the new government's foreign minister, Walid Saud Abdullah, said in an Iraqi radio broadcast.

"These countries should also not expect us to act honorably at a time when they are conspiring against us and other brothers in Iraq in an aggressive way," he said.

President Saddam Hussein of Iraq, meanwhile, ordered the formation of 11 new army divisions to beef up what is already the most formidable military force in the Arab world, totaling more than a million men under arms.

The action was of a piece with his apparently increasingly successful effort to cow other Arab nations, particularly Saudi Arabia, into acquiescence with his seizure of Kuwait's oil fields — giving him control of 20 percent of the world's oil resources — and ouster of the long-ruling al Sabah family.

The exiled emir of Kuwait, Sheikh Jabbar al Ahmad al Sabah, told his people Sunday in an address carried by Egyptian television: "Brothers, we are not alone in confronting the aggression. The Arabs and Moslems are with us. So are the countries of the world that did not hesitate to raise their voice to condemn the aggression."

Iraq asserted that the 100,000 troops who poured over the border Thursday in the first conquest of one Arab nation by another in modern times began a phased withdrawal at 8 o'clock Sunday morning.

But there was no independent confirmation that any had actually left.

In Washington, the chairman of the Senate Intelligence Committee, David L. Boren, said that American intelligence reports showed no sign of an Iraqi pullout and warned

See KUWAIT, Page 6

Kiosk

Italy Adopts Media Controls

ROME (NYT) — Italy's parliament on Sunday enacted the country's first law regulating television and press ownership and setting guidelines for broadcast commercials.

Political maneuvering was so intense that the government of Prime Minister Giulio Andreotti came close to falling apart over the issue.

Mr. Andreotti resorted to a series of confidence votes that curtailed debate and discouraged possible defectors within his Christian Democratic Party. Still, the Senate waited until almost the last minute Sunday, the last day before Parliament's summer vacation, to approve the bill.

MONDAY Q&A



Foreign Minister Taro Nakayama says the U.S. security link remains the key to regional peace. Page 2.

General News
Sri Lankan troops repulsed a rebel assault following a massacre at two mosques. Page 2.
Benazir Bhutto is facing a confrontation that combines politics and religion. Page 2.
The U.S. Senate has approved a restructuring of the Strategic Defense Initiative. Page 3.
American men are suddenly on the defensive for showing affection to kids. Page 3.
Business/Finance
The North Sea offers little cheer for oil buyers. Page 7.
Weather Page 2
Crossword Page 5.

Risk for Bush: Crisis Could Sap Political Strength

By R.W. Apple
New York Times Service

WASHINGTON — Foreign policy, which lifted President George Bush so high in the esteem of his fellow Americans, which made him seem for months on end like the man with the infallible touch, now threatens to bring him low.

There is no doubt among those who are responsible for strategic political thinking in the White House and the Republican Party that the crisis in the Gulf has the potential to cripple the president politically, just as double-digit inflation and the Iran hostage crisis, earlier products of Middle East instability, fatally wounded President Jimmy Carter.

"The storm is mighty," a White House official said. "The boat is small and the oars are short."

For the moment, to be sure, Americans are rallying around the president, as they always do in times of stress, and Democratic politicians say the furthest thing

NEWS ANALYSIS

from their minds is taking partisan profit from the situation.

Mr. Bush's large reservoir of goodwill in the country, built up over 16 months in which he benefited from changes in Eastern Europe, from Democratic disarray and from his highly successful management of a complex relationship with President Mikhail S. Gorbachev, will stand him in good stead in the coming weeks.

Should Iraq invade Saudi Arabia, and should the United States spring to Saudi Arabia's defense, Mr. Bush could almost certainly count on solid backing from an electorate that is always slow to criticize presidents at war.

But the more likely outcome, in the view of politicians and, increasingly, of diplomats and Middle East scholars, is that Iraq will remain in Kuwait, with troops or a puppet regime or both, and use it as the base for a long campaign of intimidation against Saudi Arabia and the small, weak, oil-producing emirates. That would be bad news indeed for Mr. Bush.

Unless successfully challenged, through an embargo of improbable thoroughness, a naval blockade or some other measure, such as closure of the Iraqi oil pipelines in Turkey and Saudi Arabia, Iraq's president, Saddam Hussein, could be in a position to dictate Saudi production levels.

Then a "country that has shown a ruthless hostility" would have achieved, as former Secretary of State Henry A. Kissinger said Sunday, "a stranglehold on the world oil supply." And that, in turn, could produce economic wreckage in the United States.

Higher oil prices tend to cut growth and accelerate inflation at the same time, which is hardly what the president, whose poll ratings for handling the domestic economy are lower than they are for his management of foreign affairs, wants as the 1990 congressional and gubernatorial election campaigns get under way.

A lengthy downturn, of course, could hurt Mr. Bush himself as he seeks re-election in 1992.

Almost lost in the news of Iraq's speedy conquest of Kuwait, there was a piece of news on Friday that suggested that the domestic economy may already be teetering on the brink of recession: an increase of three-tenths of a point in the unemployment rate, pushing it to 5.5 percent. It was the largest jump in four years.

Now retail gasoline prices are leaping upward. More importantly, perhaps, the phenomenon is being driven home by the media: In the Midwest this weekend, where sev-

See GULF, Page 6

Tokyo and Beijing Join EC in Sanctions

By David E. Sanger
New York Times Service

TOKYO — After a three-day debate over whether it could be dooming its economic growth, Japan said Sunday night that it would join the Western allies and halt all purchases of oil from Iraq and Kuwait, cutting off an eighth of this country's entire supply of oil.

[China, one of the main suppliers to Iraq's military, announced Sunday that it would no longer sell arms to Baghdad, The Washington Post reported from Beijing.

[In a brief dispatch by the official Xinhua press agency, a Foreign Ministry spokesman said that China had voted for the UN Security Council resolution condemning Iraq's invasion of Kuwait and that it would "naturally not sell arms to Iraq under such circumstances."]

The 12 members of the European Community imposed an immediate embargo on oil imports from Iraq and Kuwait and said they would stop selling arms and other military equipment to Baghdad.

Acting with unusual swiftness and force, the West European countries also froze Iraqi assets in their territories, suspended trade and military cooperation agreements and ordered that measures be taken to protect all Kuwaiti assets "to safeguard the interests of the legitimate government of Kuwait."

If Iraq fails to withdraw all its troops immediately, the European Community members warned Saturday, they will press for and carry out any "mandatory and comprehensive sanctions" by the UN Security Council.

Observers said that seemed to imply they would be willing to send naval forces to the Gulf if the United Nations imposed a blockade against Iraq.

According to officials in Rome, the proposal for a total oil embargo was made by President François Mitterrand of France in a telephone call to Prime Minister Giulio Andreotti of Italy, who serves as EC president until the end of the year.

Japan imports virtually all of its oil, and government officials said Sunday night that the embargo, if prolonged, may prove far more severe than the cutbacks Japan faced in the twin "oil shocks" that sent

See EMBARGO, Page 6

Related Articles

The UN Security Council was expected to ban purchases of Iraqi oil. Page 6.
Jordan withheld immediate recognition of the new Kuwaiti rulers. Page 6.
Financial markets are expected to remain turbulent as Gulf tensions persist. Page 7.

Going Home To Chernobyl

Soviet children from the Chernobyl area lining up to board a Lufthansa 747 at East Berlin's Schönefeld Airport Sunday on their way home to Minsk after about 200 of the youngsters spent holidays in East Germany. The jet's arrival marked the first time a Lufthansa passenger airliner had landed at Schönefeld airport since World War II.



Kareen Theiler/The Associated Press

Vilified, KGB General Turns Politician

By Bill Keller
New York Times Service

KRASNODAR, U.S.S.R. — In the seven weeks since he went public with allegations of KGB abuses, Oleg D. Kalugin has been officially denounced, stripped of his major general's rank and pension and charged with the crime of disclosing state secrets.

The Soviet Union being what it is today, his next step was obvious: run for public office.

And so Mr. Kalugin has come to this conservative agricultural center in southern Russia to compete for a vacant seat in the Congress of People's Deputies, in a campaign that is the first to test the public's increasingly open ambivalence — the diminishing fear and growing curiosity — about the Soviet secret police and intelligence agency.

"He is opening our eyes," declared one enthusiast at a campaign rally here the other night after listening to Mr. Kalugin's account of how he joined the KGB out of youthful idealism but returned to Moscow after 12 years of duty in the United States to discover that the bad things the Western press wrote about his country contained much truth.

Mr. Kalugin, who was forced to retire in March, first gained public notice in June with interviews in the American press, which cleared the way for the more adventuresome Soviet publications to publish his views.

He portrayed the KGB as a political tool of the Communist Party, led by dishonest and incompetent men, and still preoccupied with domestic political dissent.

One of his most sensational allegations was that the KGB operates under a secret instruction from the party that forbids gathering negative information against the *nomenklatura*, the senior patronage network controlled by the party.

His emergence has given Soviet reporters a wedge into the subject, and gradually the scope of commentary has widened.

After disclosures that state police in East Germany and Hungary had given sanctuary to terrorists, for example, the weekly New

See KGB, Page 5

U.S.-Soviet Arms Talks Stall

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — U.S.-Soviet negotiations on a new treaty reducing strategic nuclear arms have slowed almost to a halt because of lingering disputes over more than a dozen issues.

There are doubts that the accord will be completed by the end of the year, as expected, senior U.S. and Soviet officials said.

After agreeing months ago on most of the important arms limitations, Moscow and Washington have been unable to settle matters such as the potential reuse of nuclear warheads from scrapped weapons, the transfer of arms and military technology developed by the United States to Britain and aspects of the U.S. Strategic Defense Initiative research program, the officials said.

Nor has progress been made on further reductions of large Soviet missiles and limitations on the Soviet Backfire bomber, issues that were worked on unsuccessfully during the recent summit meeting. The two sides also disagree about measures for monitoring compliance with the new accord.

The officials said that the negotiating difficulties have not received the high-level attention required to achieve breakthroughs, partly due to the distraction caused by recent world events.

A senior U.S. official predicted last week that the arms treaty could be imperiled if the negotiating deadlocks last more than three to six months.

After that, he said, politicians might consider the accord obsolete, citing warming superpower relations, sharp military budget cuts in

See ARMS, Page 5

U.S. Security Link Is 'Indispensable,' Japanese Official Says

Taro Nakayama, the foreign minister of Japan, returned to Tokyo on Sunday at the end of a tour of Southeast Asia. In Singapore, he discussed Japan's role in Asia with Michael Richardson of the International Herald Tribune.

Q. What do you say to countries in the Association of South East Asian Nations which recently expressed concern that continuing economic friction between Japan and the United States will lead to a breakdown of the bilateral Security Treaty and the assertion of a more active Japanese security role in Southeast Asia?

A. Relations with the U.S. continue to be most important as the cornerstone of Japanese foreign policy in a changing world. Cooperation and coordination between Japan and the U.S. are becoming increasingly important not only for our two countries but for the broader international community as well.

The U.S.-Japan Security Treaty is a firm bond linking our two nations in this time of continuing uncertainty and instability. Along with making it possible to pursue peace through deterrence and dialogue, it also functions as an indispensable framework for peace and stability in the Asia-Pacific region.

There has been no change whatsoever in the significance and importance of the treaty.

•

Q. The four northern islands seized from Japan by the Soviet Union in the closing days of World War II remain a major bone of contention between Tokyo and Moscow. What must the Soviet Union do to normalize relations with Japan and open the door for large-scale Japanese economic assistance in the reconstruction of the Soviet economy, particularly in the Far East region?

A. There is a clear need to restructure Japanese-Soviet relations for the 21st century. It would then be possible for the two countries to realize their full potential on the basis of mutual trust.

Japan and the Soviet Union would be *able to engage in the full range of dynam*ic economic relations, including development projects in Siberia and elsewhere in the Far Eastern region. Such Japanese-Soviet relations would also contribute to peace and stability in Asia and the Pacific, and to further improvement of East-West relations.

Before this can be done, however, it is essential that we resolve the Northern Territorial issue and conclude a peace treaty.

MONDAY Q&A

•

Q. Why should priority be given to the request of China, Taiwan and Hong Kong to join APEC, the Asia Pacific Economic Cooperation forum? Why not admit the Soviet Union at the same time?

A. China, Taiwan and Hong Kong are important in terms of their economic sizes, their shares of Asia-Pacific regional trade and other economic factors. There is general agreement that they have an important role to play in the region's *future prosperity. Japan welcomes the* recent agreement of the 12 current members of APEC to go ahead with consultations with China, Taiwan and Hong Kong to involve them in the APEC process.

For APEC membership, an economy should lean toward free and open exchange, and be engaged in wide-ranging activity in the region. Given that the Soviet Union does not fully satisfy these criteria at this point, it is more important now to wait and see just what kind of role the Soviet Union intends to play in Asia and the Pacific.

Q. Why do you regard China as being of central importance for regional security and economic prosperity?

A. It is very important for peace and stability, not only in Asia and the Pacific but worldwide, that China's domestic situation should be stable and that it should continue to pursue a policy of reform and openness.

Although relations between Japan and China are not fully back to normal in the wake of the Tiananmen incident, Japan takes the position that efforts are needed *on both sides to restore ties to what they* were before June 1989. While the use of military force at Tiananmen that resulted in many casualties remains intolerable from a humanitarian standpoint, it is also undesirable for the international community to see China retreat into isolation.

•

Q. How can Japan best contribute to a settlement of the Cambodian conflict?

A. Early achievement of a comprehensive political settlement of the Cambodian problem is a prerequisite to stability in Indochina and to development and prosperity for the whole of Southeast Asia.

For a prompt solution, it is most important to promote a dialogue among the Cambodian parties themselves.

Q. Will Japan use its diplomatic leverage and its weight as an economic superpower to try to persuade China and Vietnam to contribute more actively to a Cambodian settlement?

A. China and Vietnam, both countries that have strong influence on the contending factions in Cambodia, have major roles to play in resolving the Cambodian problem. Japan has taken every *opportunity to urge China and Vietnam* to contribute positively to the peace process.

Sri Lankan Troops Repulse Assault After Massacres by Rebels

Compiled by Our Staff From Dispatches

COLOMBO — Sri Lankan troops and warplanes on Sunday repulsed a major assault on a military-held fort in the heart of Tamil rebel territory, killing at least 30 guerrillas, the army said.

The fighting followed the slaying by suspected Tamil guerrillas of 140 Muslims as they prayed in two mosques in eastern Sri Lanka.

Military officials and Muslim leaders blamed rebels from the Liberation Tigers of Tamil Elam, a separatist group, for the bloodshed Friday night in the coastal village of Kathankudy. But spokesmen for the group denied that its members were involved.

On Sunday, at least 300 guerrillas attacked an 18th-century fort in Jaffna city with mortars, rockets and machine guns, the military reported.

Government troops called in air support, and the fighting and intensive air attacks left at least 30 guerrillas dead, the army said. The military said no government troops were killed.

There was no independent confirmation of the casualties and no report from the rebels.

Witnesses to the Friday attacks said *that two groups of about 15* guerrillas, armed with machine guns and hand grenades, raked worshipers with gunfire in simultaneous assaults on the Meera Jumma and Hussania mosques.

Worshipers, who included small children and old men, were bowing in evening prayer when they were shot from behind. Victims had gunshot wounds in the back of the head, the witnesses said.

White flags marking bereavement fluttered from rooftops in Kathankudy, a village of 50,000, on Saturday as it mourned its dead.

Journalists, taken to the scene by the army, saw pools of blood on the floor of the two mosques, which are about one kilometer (half a mile) apart.

The clothes of some of the vic*tims were strewn around. Men,* women and children, some sobbing, were gathered near the mosques as some bodies were being prepared for burial.

Witnesses at Meera Jumma, the larger of the two mosques where about 200 people had been praying, said about 80 people were killed on the spot.

The Sri Lanka Moslem Congress leader, M.H.M. Ashroff, said 127 bodies had been found and more than 100 people were wounded.

But another Congress official said some victims had died later in hospital and the death toll had reached 140.

A military official said an air force helicopter opened fire as the gunmen tried to flee by sea after the attack. Two boats were destroyed *but the number of casualties was* not known.

Mr. Ashroff, a member of Parliament, said he had asked President Ranasinghe Premadasa to arm Muslims so they could protect themselves.

"The president promised to provide security," Mr. Ashroff said at a news conference in Colombo. "But nothing has happened so far."

Muslims account for 7 percent of Sri Lanka's population of 16 million.

Tamils, who make up 13 percent of the population, want a separate homeland in the northeast.

They complain that the government, dominated by the majority Sinhalese, has discriminated against them ever since independence from Britain in 1948.

Mr. Ashroff said the Liberation Tigers had killed nearly 500 Muslims since they began a fresh offensive against the government's security forces on June 11.

In all, more than 1,800 people have been killed in the seven-week offensive, according to unofficial figures.

Witnesses identified the leader of the assault as a member of the Liberation Tigers.

"They burst into the mosque and opened fire from three sides," said Ahamed Lebbe, a shopkeeper who was in the Meera Jumma mosque.

"The leader placed a machine gun on the floor and pulled the trigger. I escaped because I lay quietly among the bodies and waited."

But a spokesman at the *Tigers'* Paris office said he was certain that the group was not involved.

In Sri Lanka, the Sunday Times newspaper quoted a leader of the Tigers as saying that the killing was carried out by a rival Tamil group to discredit the Tigers.

(Reuters, AP)

Tokyo and Moscow Intensify Contacts

By Steven Weisman
New York Times Service

TOKYO — Japan and the Soviet Union, in their most intense round of diplomatic activity in recent years, have cleared the road for a visit to Tokyo in September by Foreign Minister Eduard A. Shevardnadze, the first visit by such a high-level Kremlin official since the end of World War II.

But the negotiators in Moscow failed last week to narrow their differences on a 45-year-old territorial dispute that has stood in the way of improved relations.

It was a week in which President Mikhail S. Gorbachev, who is due to visit Tokyo next year, met with three delegations from Japan. Officials in Tokyo later said they believed Mr. Gorbachev was focusing personally on improving relations with Tokyo.

"We have the impression that Mr. Gorbachev would like to devote more time now to Japan-Russian relations," a senior Japanese official said.

Many Japanese say they are hopeful that the Soviet Union will adopt a more conciliatory attitude toward Tokyo if it wishes to tap Japan's financing and technological *expertise to improve its econo*my. So far, they acknowledge, this has not happened.

In official talks in Moscow, Japan and the Soviet Union agreed to begin discussions on Tokyo's offer of technical assistance to improve the Soviet economy.

Also slated are talks on improving the environment and on Japan's offer to help victims of the 1986 Chernobyl nuclear plant accident.

Still, Mr. Gorbachev was quoted as expressing frustration over Japan's refusal to make concessions on the territorial dispute, saying it might not be worth his visiting Japan if Tokyo kept insisting on having its way.

Mr. Shevardnadze said he was "profoundly saddened" by recent comments from Foreign Minister Taro Nakayama that giving economic assistance without major changes in the Soviet economy would be like "throwing money down the drain."

The root of the main dispute is Japan's claim to the Kuril Islands off its northern coast that were seized by the Soviet Union in the final days of World War II. Moscow maintains a historical claim to the islands, but Tokyo views the Soviet move as an example of Cold War "expansionism."

As Cold War sentiments have lifted, Japan has fallen short of its goal of "internationalizing" the issue.

Some Japanese commentators and politicians suggest there may be room for compromise, that the Soviet Union might be willing to give up two of the four islands and declare the whole area a demilitarized zone that could be visited freely by Japanese.

Japanese officials reject such suggestions. Most recently, Prime Minister Toshiki Kaifu said Japan would not settle for anything less than the return of all the islands.

■ Yeltsin Proposes Treaty

Boris N. Yeltsin, the Russian president, has proposed a treaty of wide-ranging cooperation between Japan and his independently minded republic, Agence France-Presse reported from Tokyo.

In an interview published Sunday in the economic newspaper Nihon Keizai, Mr. Yeltsin said that the Russian Republic wanted to conclude the treaty this year to promote cooperation in the fields of economy, technology, education and culture.



Eriko Sugita/Reuters

BOMBING REMEMBERED — A girl in Hiroshima, Japan, making an offering of flowers for atomic bomb victims at a monument in Peace Memorial Park. Monday is the 45th anniversary of the bombing, which killed or injured 160,000 people.

Muslim Code: New Headache for Bhutto

By Barbara Crossette
New York Times Service

ISLAMABAD, Pakistan — Faced with an undeclared ethnic war in her home province of Sind and a tense standoff with India over the disputed territory of Kashmir, Prime Minister Benazir Bhutto heads this week into a confrontation with her political opponents on Pakistan's most volatile issue: religion.

On the agenda for debate when Parliament reassembles will be a bill that would impose the Sharia, a conservative code of Islamic law and practice, on a nation still struggling against all odds to become a democracy.

The bill has already passed the Senate, the upper house, where a conservative political bloc is in control. Even if the lower house, the National Assembly, defeats the bill, the Senate — whose members took their seats under the late president, General Mohammed Zia ul-Haq — has enough votes to force it through the joint session required if there is a deadlock.

The explosive issue has created a problem for Miss Bhutto. She has gone to considerable lengths to pacify religious leaders since she took office in December 1988, a stance that has alienated many of her liberal followers.

In a still traditional, mostly rural country that is more than 95 percent Muslim, Miss Bhutto cannot afford to appear anti-Islamic.

But as a woman holding office against the wishes of conservatives, who could challenge her if the Sharia became the preeminent law, the prime minister would be in jeopardy if the bill passed.

Miss Bhutto, who has a very narrow majority in the National Assembly at a time when opinion polls show overwhelming support for the introduction of Islamic law, has already stirred up religious protest.

She remarked recently that it was inhuman for a modern country to cut off the limbs of criminals, as the Sharia demands. Several religious leaders immediately declared her an infidel.

The debate over the Sharia — what it means and how it should be applied — is filling newspaper columns and dominating many conversations.

Faqir Hussain, a professor of constitutional and international law at Peshawar University, is among those legal experts who believes that the constitutionality of the bill should be challenged.

He says the bill would give religious leaders wide powers over the economy, education and publishing, among other critical sectors.

Such a change would run contrary to the wish of Pakistan's founder, Mohammed Ali Jinnah, whose dream was a modern state.

Opponents of the bill also argue that Pakistan has more than one Islamic community and that the Sharia, already in place in religious courts, is a code devised by Sunni Muslims, who make up the majority of the population.

Miss Bhutto's position is further complicated by the political use that her opponents can make of the issue of religious law.

The Islamic Democratic Alliance, regarded as the political heir of General Zia, has the strong support of conservative religious parties.

The Alliance, which last year narrowly lost in an effort to defeat the Pakistan People's Party government of Miss Bhutto through a no-confidence vote in Parliament, has now found a powerful new issue.

But the voting bloc in Parliament known as the Combined Opposition Parties, to which the Alliance belongs, also includes leftists and independents, who favor a secular legal system and might support the prime minister's efforts to defeat the bill.

There is little evidence, however, that Miss *Bhutto's Pakistan People's Party has been* reaching out to them.

Women's groups are especially distressed about the Sharia bill because of the use that could be made of it against their interests.

Hana Janani, a human rights lawyer and founder of the Women's Action Forum, said in an interview that the bill could undo all the gains that Pakistani women have made since 1961 in areas such as divorce and the restriction of polygamy.

"But more than that," she said, "this is going to destroy the judicial system and shake the whole democratic basis of this country."

■ No-Confidence Vote

Pakistan's opposition has announced that it plans another effort to topple Miss Bhutto through a no-confidence vote, Reuters reported from Islamabad.

Ghulam Mustapha Jatoi, parliamentary leader of the Combined Opposition Parties, said the motion would be made after the assembly reconvened Wednesday.

Accusing the government of corruption, bungling and mismanagement, he said the opposition had the support of many government deputies and predicted victory by a large margin.

Congress Votes to Multiply Shippers' Oil-Spill Liability

Washington Post Service

WASHINGTON — Congress, apparently alarmed by a 16-month rash of marine oil spills, has passed a bill increasing by eightfold the pollution liability of tanker owners and allowing the U.S. government to immediately take over oil cleanups.

With the memory of the 1989 Exxon Valdez wreck in Alaska still in their minds and with oil lapping at marshes in Galveston Bay, off Texas, the legislators also voted to require double hulls on all oil tankers calling at U.S. ports by 2010.

The Senate passed the bill 99 to 0 on Thursday, and the House sent it to President George Bush by a vote of 360 to 0 Saturday morning. The White House has expressed some reservations about it, but Mr. Bush is expected to sign it.

The maximum pollution liability for shipowners would be increased from the current $150 per gross ton to $1,200 per gross ton. There would be no liability limit in the case of willful misconduct, gross negligence, violation of federal standards, failure to report the spill or refusal to take part in the cleanup.

A special trust fund, derived from fees on oil shipments, would provide compensation up to $1 billion per spill.

The president could immediately take over cleanup responsibility for any oil spill, charging the cost to the shipowner up to liability limits.

INSIGHT GUIDES
Pocket Guides
LONDON


UNIVERSITY DEGREE
BACHELOR'S • MASTER'S • DOCTORATE
For Work, Life and Academic Experience No Classroom Attendance Required
(213) 471-0306
FAX: (213) 471-6456
Call or write for information or send detailed resume for Free Evaluation
Pacific Western University
365 Canal St., #2300, Dept. 23, New Orleans, LA 70130.

Relief for Europe as Heat Wave Breaks

The Associated Press

PARIS — Temperatures dropped in northwestern Europe on Sunday after a heat wave that broke records in some areas.

In Paris, the maximum temperature Sunday fell to 30 degrees centigrade (86 Fahrenheit) after reaching 37 (99) on Saturday, barely below the city's all-time record for August.

In the Netherlands, which posted its highest temperature in seven years Saturday at 35 (95), the mercury dropped Sunday to about 22 (72) on the coast.

In London, the high Sunday was 22 (72), down from 32 (90) on Saturday.

The French national weather service said temperatures were expected to drop further on Monday, with storms forecast for the northwest and the Alps. It said the storms would do little to ease a drought that has prompted authorities to restrict water usage in 47 of France's 95 departments.

Across France, several cities and towns recorded their highest-ever temperatures for August on Friday or Saturday, with many readings of 37 or 38 (99 or 100). Health Minister Claude Evin warned that the heat posed a threat to infants and the elderly.

Major department stores and appliance shops in Paris were sold out of fans.

In Czechoslovakia, authorities said a record 108 forest fires and brush fires were reported in a 24-hour period at the end of the week because of prolonged drought.

In Denmark, huge traffic jams were reported Saturday at beaches north of Copenhagen, the seemingly deserted capital where the temperature reached 31 (88).

The highest temperature in Britain's history was recorded Friday when the mercury climbed to 37 (99) in two towns west of London. The previous record was 36.8 (98.2) on Aug. 9, 1911, at Epsom and Canterbury.

But temperatures in Britain dipped slightly on Saturday, when the highest midday temperature was 34.3 (94) at Herstmonceaux in East Sussex.

In several countries, the heat was accompanied by smog problems. London's carbon monoxide levels Friday were more than double World Health Organization guidelines, air pollution monitors said.

Parts of Basel, Switzerland, had ozone concentrations nearly twice the government-recommended level. Smog warnings were issued in the Netherlands' four southernmost provinces, where people were asked not to drive.

On Friday, three drawbridges linking coastal islands in the western Netherlands expanded in the heat and could not be opened until fire fighters hosed them down.

WORLD BRIEFS

Philippine Troops on Alert for Coup

MANILA (AP) — Troops went on full alert Sunday after intelligence reports indicated dissident soldiers were planning another attempt to topple President Corazon C. Aquino, a military spokesman said.

"Unconfirmed reports about another coup attempt by rebel elements *prompted the Philippine* Constabulary to raise alert status," the spokesman, Lieutenant Colonel Cresencio Maralit said. He gave no details about the intelligence reports.

Brigadier General Lisandro Abadia, operations chief of the armed forces of the Philippines, said the alert was ordered in the headquarters of the army, air force, constabulary and the Capital Command. A red alert means that most soldiers are ordered to remain in their barracks.

Thatcher Sees Eastern Europe in EC

ASPEN, Colorado (Reuters) — Prime Minister Margaret Thatcher, declaring that communism was dead, proposed on Sunday that Eastern Europe join the European Community. Saying that the Soviet Union was no longer an enemy, Mr. Thatcher proposed a bill of rights, which she called a "European Magna Carta," for all European citizens, including those of the Soviet Union.

In a speech to the Aspen Institute here, she added that the West must remain cautious, maintaining a strong military to match that of the Soviet Union, and be prepared to face "ugly situations" wherever they appear.

As part of an overall call for strengthening the United Nations, Mr. Thatcher lashed out at Iraq's invasion of Kuwait, saying it defies every principle for which the United Nations stands. She called for a total economic embargo against Iraq.

ANC Cease-Fire Is Reported Near

JOHANNESBURG (AP) — The African National Congress was expected to announce Monday a cease-fire against the white-minority government after the two sides meet for talks, according to news reports.

Newspapers on Sunday carried reports from ANC and government sources that the two sides expected a breakthrough at a meeting to clear the way for talks, probably early next year, on ending white rule.

An ANC official, Alfred Nzo, said the opposition group was optimistic about announcing the end of its armed struggle against the government. "I should foresee no difficulties, especially as I say, if the issue of the removal of obstacles has been finally arrived at and concluded," he said. News reports said the two sides expect to agree on releasing political prisoners and allowing return of political exiles.

Amal Holds U.S. Colonel's Abductor

TYRE, Lebanon (UPI) — The mainstream Shiite Amal militia said Sunday it had seized a Shiite Moslem accused of kidnapping Colonel *William R. Higgins of the U.S. Marine Corps in 1988 on orders from the* pro-Iranian Hezbollah, or Party of God.

Amal leaders said Imad Mdeihli, 26, will be put on trial for his role in the abduction of Colonel Higgins, who disappeared Feb. 17, 1988, after meeting with an Amal official. Mr. Mdeihli said Sunday, "I have participated in kidnapping American Colonel Higgins." An Amal official said he was one of five gunmen who abducted the officer.

Colonel Higgins, 43, head of a UN truce-monitoring force in Lebanon, was reported hanged July 31, 1989, by a Hezbollah offshoot group called the Organization of the Oppressed on Earth, but his body was never found. The group released a videotape of what appeared to be the U.S. colonel hanging by his neck.

Peru Postpones New Economic Plan

LIMA (AP) — Panic buying spread during the weekend as Peru's new government postponed announcing details of a drastic economic program meant to alleviate the deteriorating economic situation.

Shoppers waited hours in line to buy cartloads of groceries, in anticipation of increasing food shortages and price hikes. Gasoline supplies dried up. The new president, Alberto Fujimori, appealed to Peruvians to be patient.

Prime Minister Juan Carlos Hurtado Miller, speaking on television on Friday night, said the new administration had inherited "a much more chaotic state than we would have thought possible." He said details of an economic adjustment program, which Mr. Fujimori had promised to unveil last week, will not be announced until Wednesday.

U.S. Violent Crime Rose 5% in 1989

WASHINGTON (Reuters) — Murders, rapes and other violent U.S. crime rose 5 percent in 1989 over the previous year, and the number of violent crimes increased 2 percent, the FBI said in a new report.

The agency said there were an estimated 21,500 murders last year, a 4 percent increase over 1988, but 7 percent below the record rate of 1980. Rapes were up 2 percent to a reported total of 94,504. Robbery and assault, the other offenses in the violent category, rose 7 percent and 5 percent respectively.

Attorney General Dick Thornburgh, in a statement released with the report, said, "We need legislation that will help law enforcement put the criminals behind bars and to ensure that punishment imposed will be punishment served." A crime bill has been passed by the Senate and is awaiting House action after approval by the House Judiciary Committee.

TRAVEL UPDATE

Ferry workers in Dieppe, France, walked off their jobs Sunday over health and safety conditions on the car ferry linking Dieppe and Newhaven on the English Channel. The strike was scheduled to end at 5 A.M. Monday. *(UPI)*

Venice will crack down on vandals, with fines and possible jail terms for people who wash their feet in canals, drop litter, scrawl graffiti on monuments or fail to clean up after their dogs. An official said that extra police would patrol the city to restore "order and decorum" among tourists and Venetians alike. *(Reuters)*

Opponents in France of a proposed high-speed rail line through the Provence wine-growing region blocked tracks at three railroad stations on the line from Lyon to Marseille, forcing detours and delays of six hours before the police cleared away protesters early Sunday. *(AP)*

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Bahamas, Barbados, Bolivia, Canada, El Salvador, Fiji, Grenada, Guyana, Iceland, Ireland, Jamaica, Sri Lanka.
TUESDAY: Colombia, Grenada.
WEDNESDAY: Iraq.
THURSDAY: Singapore.
FRIDAY: Ecuador, Nicaragua.
SATURDAY: Chad, Jordan, Zimbabwe.
SUNDAY: Zimbabwe.

Source: J.P. Morgan, Reuters.

WEATHER

EUROPE	HIGH C	HIGH F	LOW C	LOW F	
Amsterdam	21	70	15	59	c
Athens	33	91	24	75	s
Barcelona	31	88	24	75	s
Belgrade	32	90	19	66	s
Berlin	27	81	15	59	s
Brussels	22	72	15	59	r
Budapest	31	88	17	63	s
Copenhagen	22	72	17	63	r
Costa Del Sol	31	88	21	70	s
Dublin	19	66	12	54	c
Edinburgh	19	66	11	52	sh
Faro	28	82	17	63	s
Florence	31	88	17	63	s
Frankfurt	27	81	17	63	s
Geneva	29	84	17	63	s
Helsinki	21	70	14	57	c
Las Palmas	27	81	21	70	s
Lisbon	28	82	17	63	s
London	22	72	14	57	c
Luxembourg	25	77	15	59	s
Madrid	34	93	18	64	s
Milan	31	88	19	66	s
Moscow	21	70	11	52	c
Munich	25	77	15	59	s
Nice	28	82	21	70	s
Oslo	21	70	12	54	r
Paris	30	86	18	64	s
Prague	27	81	14	57	s
Reykjavik	14	57	8	46	sh
Rome	31	88	22	72	s
Stockholm	21	70	14	57	r
Strasbourg	29	84	17	63	s
Venice	31	88	22	72	s
Vienna	29	84	17	63	s
Warsaw	25	77	14	57	s
Zurich	29	84	17	63	s
MIDDLE EAST					
Ankara	37	99	22	72	s
Cairo	37	99	22	72	s
Istanbul	32	90	21	70	s
Jerusalem	34	93	22	72	s
Tel Aviv	34	93	26	79	s
OCEANIA					
Auckland	—	—	—	—	—
Sydney	16	61	10	50	sh

ASIA	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	32	90	23	73	s
Beijing	31	88	24	75	s
Hong Kong	31	88	27	81	s
Manila	33	91	26	79	s
New Delhi	37	99	25	77	s
Seoul	34	93	24	75	s
Shanghai	33	91	26	79	s
Singapore	31	88	23	73	t
Taipei	35	95	26	79	s
Tokyo	33	91	26	79	c
AFRICA					
Algiers	32	90	21	70	s
Cape Town	18	64	8	43	s
Casablanca	26	79	21	70	s
Harare	24	75	11	52	s
Lagos	26	79	23	73	s
Nairobi	20	68	12	54	t
Tunis	31	88	22	72	s
LATIN AMERICA					
Buenos Aires	24	75	11	52	cl
Lima	—	—	14	57	sh
Mexico City	25	77	14	57	pc
Rio de Janeiro	27	81	19	66	s
NORTH AMERICA					
Anchorage	18	64	8	46	sh
Atlanta	34	93	22	72	s
Boston	30	86	20	68	s
Chicago	28	82	22	72	s
Denver	35	95	22	72	s
Detroit	34	93	19	66	s
Honolulu	31	88	24	75	s
Houston	34	93	22	72	s
Los Angeles	27	81	21	70	s
Miami	34	93	25	77	s
Minneapolis	28	82	17	63	s
Montreal	29	84	19	66	s
Nassau	32	90	25	77	s
New York	30	86	22	72	s
Phoenix	40	104	29	84	s
San Francisco	21	70	14	57	pc
Seattle	24	75	12	54	pc
Toronto	28	82	17	63	s
Washington	30	86	22	72	s

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sn-snow; st-stormy.

MONDAY'S FORECAST — CHANNEL: Slight. **FRANKFURT:** Clearing. Temp. 27—15 (80—59). **LONDON:** Partly cloudy. Temp. 22—13 (72—55). **MADRID:** Partly cloudy. Temp. 35—18 (95—64). **NEW YORK:** Thunderstorms. Temp. 30—21 (86—70). **PARIS:** Partly cloudy. Temp. 28—15 (77—59). **ROME:** Fair. Temp. 30—18 (86—64). **TEL AVIV:** Mist. Avoidable. **ZURICH:** Thunderstorms. Temp. 24—14 (75—57). **BANGKOK:** Showers. Temp. 32—25 (91—77). **HONG KONG:** Cloudy. Temp. 32—27 (90—81). **MANILA:** Fair. Temp. 33—26 (91—77). **SEOUL:** Cloudy. Temp. 28—24 (84—75). **SINGAPORE:** Fair. Temp. 31—25 (88—77). **TOKYO:** Fair. Temp. 33—26 (91—77).

U.S. Senate Votes to Shift Focus of SDI Program

By Helen Dewar
Washington Post Service

WASHINGTON — The Senate has approved a complete restructuring of the Strategic Defense Initiative that would slow plans for early deployment of small rockets in space and shift emphasis to research on less exotic and longer-term defenses against missile attacks.

Brushing aside strong objections from the Bush administration, the Senate included the SDI overhaul as part of its $289 billion military authorization bill for fiscal 1991 and then passed the bill Saturday by a vote of 79 to 16 before joining the House in taking off on a monthlong summer recess.

In the latest in a series of congressional blows to the SDI program, which was begun by President Ronald Reagan in 1983, the Senate voted 54 to 44 to stop issuing what critics called "blank checks" for the program and begin specifying how funds are spent in order to reflect congressional priorities.

Foremost among these priorities was a freeze in spending for the so-called "brilliant pebbles" plan being promoted by the Bush administration to orbit thousands of small rockets that would seek out and destroy Soviet missiles.

The Senate reduced the administration's request for the "brilliant pebbles" program from $329 million to $129 million, its current funding level, and shifted the remaining money to research on ground-based defenses that would not breach U.S.-Soviet treaties and to other programs that would take longer to develop.

Congress has consistently reduced both Mr. Reagan's and President George Bush's spending requests for SDI and appears certain to do so again this year. The Senate cut Bush's $4.7 billion request for SDI next year to $3.7 billion, and the bill that the House will consider next month would cut it to $2.9 billion. Current funding for SDI is about $3.8 billion.

But never before has either house attempted to rewrite the entire program. The action Saturday was seen as especially significant because the move came from the Senate, which has supported SDI more strongly than the House.

Moreover, it was proposed by two moderate to conservative Democratic senators, Jeff Bingaman of New Mexico and and Richard C. Shelby of Alabama, and backed by Sam Nunn, Democrat of Georgia, the powerful chairman of the Senate Armed Services Committee, who complained that the Pentagon has tried four different concepts for the program in three years, all without success.

But SDI proponents, referring to new hostilities in the Gulf, said the program is essential for defense against the proliferation of nuclear and other weapons in the Third World even as Cold War hostilities die down.

In a letter to Republican senators Thursday, Mr. Bush warned against the threatened SDI overhaul as well as further spending cutbacks.

The overhaul, Mr. Bush said, "is more serious than a funding cut. As Congress imposes cuts in the defense budget, at the very least I need flexibility to manage our programs."

Mr. Bush did not threaten a veto, but an administration statement the same day said Defense Secretary Dick Cheney would recommend a veto if the bill did not include "proper funding or flexibility."

The only good news for Mr. Bush in the SDI showdown Saturday was that efforts to cut spending below $3.7 billion were defeated. A move to cut $600 million more was rejected, 56 to 31, and a proposal to shift $400 million to treatment of babies born addicted to crack cocaine was defeated, 54 to 43.

■ House Acts on Financing

In other congressional action before the summer break, Democrats who control the House overran bitter Republican opposition and passed the first major overhaul of congressional campaign finance laws in over a decade, The Washington Post reported.

Responding to the escalating costs of political campaigns and public disgust with special interest money that they fear could turn into anti-incumbent sentiment, House members adopted the hastily devised finance package Friday on a vote of 255 to 155.

The legislation would encourage House candidates to voluntarily limit their spending and would put a ceiling on how much they may accept from the thousands of political action committees.



Doug Mills/The Associated Press

VOTE OF CONFIDENCE — Mayor Marion S. Barry Jr. getting a hug from an admirer at a youth conference in Washington. Jurors in Mr. Barry's trial failed Saturday to reach a verdict.

After House Passage, Rights Bill Still Faces Veto

By Richard L. Berke
New York Times Service

WASHINGTON — The White House called a major civil-rights measure passed by the House of Representatives "a quota bill that the president will have to veto if it is presented to him."

President George Bush has consistently contended that the measure would lead to job quotas for women and minority members.

The bill, the most comprehensive civil rights legislation since the Voting Rights Act of 1965, seeks to overturn or modify a half-dozen Supreme Court decisions.

It would, for instance, shift the burden of proof back on the hirer to show that an employment practice detrimental to women or minorities was essential for the business to operate successfully.

The option of providing compensatory and punitive damages, long available to victims of racial discrimination, would be broadened to include discrimination based on sex, religion or national origin.

The bill is nearly identical to a version passed by the Senate last month, so it is expected to remain largely unchanged in a conference between the chambers. That would leave Mr. Bush the hard decision of whether to carry out a threatened veto and damage his standing with minorities.

House members approved the bill late Friday, on the eve of their monthlong summer recess. The measure passed by a 272-to-154 vote, roughly along party lines. The White House statement followed the vote, but Mr. Bush himself did not say specifically that he would or would not veto the bill.

Its adoption followed fierce lobbying and often impassioned debate between opponents, who argued it would force employers to adopt hiring and promotion quotas, and proponents, who said that was not the case.

Recalling his own role in landmark civil-rights votes in the mid-1960s, House Speaker Thomas S. Foley, Democrat of Washington, implored lawmakers to make history again by passing the bill. "Truly this will be a day of triumph," he declared, "as great as any victory won on any battlefield."

As late as Friday afternoon, White House officials said Mr. Bush was urging lawmakers to vote for a substitute measure.

If Mr. Bush vetoes the measure, siding with conservative and business leaders as well as his own advisers, he could be portrayed as opposed to civil rights.

Second Thoughts: U.S. Men Suddenly on Defensive for Showing Affection to Kids

By Jon Nordheimer
New York Times Service

NEW YORK — At a time when there is pressure on men to be more caring and demonstrative to children, more and more men and organizations are worrying that casual physical contact with children may create the impression of sexual misconduct.

The problem is especially acute for men who care for children, including teachers, social workers and scoutmasters.

Mark Podolner, director of a children's shelter in Oak Park, Illinois, calls it "the presumption of perversion."

"There's so much emphasis on child abuse that almost any thinking man alone with a child is conscious that someone might think he is doing it for some perverse purpose," he said.

Many youth programs have taken steps to prevent such situations, averting the potential for wrong impressions as well as protecting boys and girls from being molested.

But many experts worry that new rules and new social attitudes toward casual conduct between adults and children may be stifling positive relationships.

The Boy Scouts of America prohibits any scoutmaster from spending time alone with members of a troop out of sight of another scout leader or parent. The handbook provided to more than two million scouts older than 10 addresses molesting directly: The watchwords are "recognize, resist and report."

The Boys Clubs of America, with 1.4 million boys and girls 6 to 18, has a directive that no staff member leave a club with a child without an accompanying adult.

Big Brothers of America is faced with daunting concerns because it tries to build emotional trust between lonely boys and mostly unmarried male volunteers.

It advises against overnight visits with volunteers, long a mainstay of the programs, and requires its 488 local agencies to provide the 50,000 children they serve each year with sexual-abuse information.

Such abuse has generated widespread alarm as reported cases soared.

"There may be as many as 500,000 victims of serious abuse every year in this country," said Ann Cohen, executive director of the National Committee for the Prevention of Sexual Abuse, a leading U.S. research and educational organization on the subject.

In nine out of 10 cases, men are the victimizers.

Sensational cases like the McMartin Preschool trials in Los Angeles and the contention of Dr. Elizabeth Morgan in Washington that she was forced to hide her daughter from the sexual abuses of the girl's father ignited public anxieties.

Trust in youth leaders was shaken by reports of sexual misconduct by the Reverend Bruce Ritter, the New York priest who directed the Covenant House shelter for runaways.

The McMartin trials ended with no convictions; Dr. Morgan's husband and Father Ritter denied misconduct.

"The door on child abuse was suddenly opened, and we were aghast to see everything piled up behind it," said James S. Cameron, executive director of the Federation of Child Abuse and Neglect. "What we have to guard against is that we don't close the door on appropriate roles for men to be warm and comforting to children because of some misplaced belief that they are suspect when they get too close."

Indeed, youth organizations must now protect not only their wards but also their professional and volunteer staffs from accusations of abuse and consequent lawsuits, especially in light of the insurance industry's growing reluctance to provide liability coverage for lawsuits in child-abuse cases.

Caution is the watchword in families as well; in three out of four child cases, the abuser is someone the child knew, like a relative or a neighbor. Children are taught to distinguish between "good" and "bad" touches and to tell someone if they believe an older person has touched them unacceptably.

"When I was a kid, old men in the park could give kids candy or coins," said Neil Gilbert, a professor of social welfare at the University of California at Berkeley. "That would be incredibly suspect now."

Women do not encounter the same mistrust, the experts say, because they are associated in the public mind with child nurturing and all its intimacy.

"Men are in a quandary," said John E. Showalter, chief of child psychiatry at the Yale Child Studies Center. "There is a heightened awareness of the sexual abuse of children, but no clarity of definition of what constitutes abuse."

Fathers may now feel self-conscious when checking into a motel with a young daughter or accompanying a toddler into a public restroom.

"The men who catch themselves worrying about such innocent matters may find themselves wondering why they even feel guilty about it," Mr. Showalter said. "The pressure has planted a seed of doubt in them and they may even ask themselves 'Is there anything wrong with me?' "

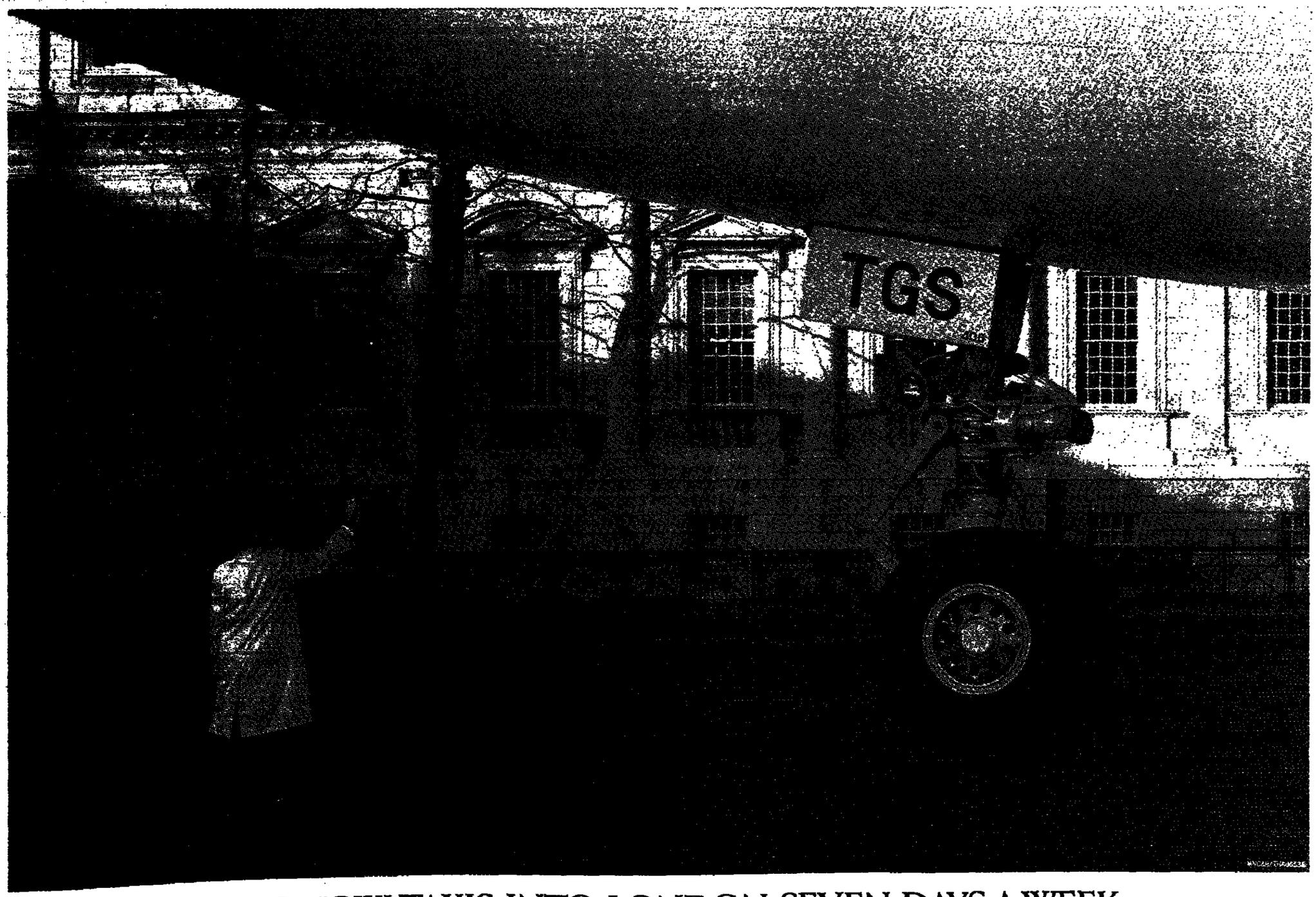
The new hesitancy may inhibit good samaritans. A Philadelphia architect, Richard Martin, recalled how he stopped his car when a small boy wandered into his path on a busy street. "I got out and picked the kid up and looked around for a parent," said Mr. Martin, the father of three.

"All the drivers behind me were honking for me to move my car out of their way, but I worried about how it would look if I put the kid in my car."

He said he tried to turn the boy over to a man on the sidewalk who turned his back and walked away. "Just then the mother comes running over from the other side of the street and yanks the kid away from me with the dirtiest look I ever got in my life."

Scott Mies, the 38-year-old director of a day-care center at an automotive parts plant in Skokie, Illinois, said the new climate had made him reconsider his interplay with preschoolers.

"Things I did as second-nature I am more cautious about now," he said. "Like changing a child's wet clothing — now I have a female teacher stand by to observe. But I've told the parents that if I can't give their children a hug or have them sit on my lap while I read a story then I'll get out of the business."



THAI NOW TAXIS INTO LONDON SEVEN DAYS A WEEK.

Flying to London? Hail one of our magnificent new 747-400's. Now Thai takes you there from Bangkok daily, with Royal Orchid Service all the way. Via Delhi on Mondays, Wednesdays and Fridays. Via Amsterdam on Tuesdays, Thursdays and Sundays. And on Saturdays we fly non-stop to London. Thai. Centuries-old traditions. Innovative thinking. State-of-the-art technology.

Thai

Herald INTERNATIONAL Tribune
Published With The New York Times and The Washington Post

Isolate Saddam Hussein

Iraq's Arab neighbors canceled the summit meeting scheduled for Sunday. They could not bring themselves even to try to stop Saddam Hussein's million-man army and undo his conquest of Kuwait. That is now the world's business, and it can be accomplished only with unity and leadership that produce hard-hitting sanctions.

If there is any good news at all about the invasion, it is that other powers seem to recognize that they must act, before Iraq's megalomanic warlord gains control of nearly half the world's oil.

Washington and Moscow pointed the way on Friday. Creditably and courageously, the Soviet Union broke with Iraq, its longtime ally, and joined with the United States in demanding an immediate Iraqi withdrawal and urging a total arms embargo on Iraq. On Saturday the European Community imposed essential preliminary sanctions. Japan has taken some similar steps.

In grabbing Kuwait, Saddam Hussein has affronted nearly everybody. This is the first invasion of any Arab state by another, thereby shattering the cherished myths of pan-Arabism. Every oil-importing country suddenly finds its supplies imperiled and prices soaring. And all nations have reason to be outraged by a violation of frontiers tantamount to armed robbery.

And now Saddam Hussein has exposed as a sham his promise to withdraw his troops. Who will replace them? "Volunteers" for a new Kuwaiti army, recruited from his own soldiers. The bitter joke typifies his lawless cruelty. The only rational response is to isolate Iraq and compel its unconditional pullout.

United outrage can turn the often toothless United Nations into a tiger. It can invoke the charter's punitive Chapter 7 to impose mandatory and powerful economic sanctions. And these could be enforced by turning the oil weapon back on Saddam Hussein, by severing the pipelines through which Iraq exports 90 percent of its oil.

Leadership from President George Bush is essential to achieving such unity. He has rightly warned that if Iraq crossed Saudi Arabia's borders it would tread on vital U.S. interests, and just as rightly he declines to rule out a military response.

But he needs to do more than reassure Iraq's terrified neighbors. He can now work with the Soviet Union and other powers to overcome the Arab fears of outside help and to win support for essential countermeasures. The first retaliatory steps have been taken. But asset freezes and trade embargoes are scarcely adequate. A blockade in the Gulf would not cripple Iraq's economy. But it could be devastating if coupled with closing the pipelines.

Turkey and Saudi Arabia control those pipelines. Each has reason to fear reprisals by Iraq, and neither relishes being viewed as a Western surrogate. How different their position would be if the Security Council unanimously invoked the UN charter to impose mandatory sanctions. Collective diplomacy to isolate Iraq could finally realize what the charter envisioned: collective security. There is no reason to concede the fruits of aggression to the aggressor. There is every reason for a world united in outrage to press for the total isolation of Saddam Hussein.

— THE NEW YORK TIMES.

Turn the Oil Weapon

When President George Bush closed American ports to Iraqi and Kuwaiti oil, he made exactly the right response to unprovoked aggression. The European Community joined that boycott, and with that it has severed Iraq from all of its major customers in the West. With Japan's announcement of a boycott on Sunday, Iraq is reduced to selling in dribbles. Instead of soaring upward with sales of Kuwait's production, Iraq's oil revenues will sink and aggravate the troubles of an economy overtaxed with the burdens of war and an inordinately oversized army.

There has been a lot of talk about the oil weapon over the years. Usually it refers to the producers' power to extract higher prices or political concessions from their customers by cutting down the supply. But, like most weapons, it is two-edged. The customers, too, can use the oil weapon. No weapon is cheap. This one will require an unusually high degree of cooperation among the governments of the industrial countries, and a willingness to get along with a little less oil. But in the end it will be far less costly than passing a resolution, yawning and going back to business as usual with the Iraqis.

The arithmetic of a boycott is not impossible. True, Iraq and Kuwait are major producers. Together they pump nearly 5 million of the slightly more than 60 million barrels of oil that the world produces and burns every day. But some countries, if they choose, can produce more than they now do. The Arab states of the Gulf, and particularly Saudi Arabia, are the key.

If the industrial countries are to ask the Saudis to lift production, they will have to provide an absolutely explicit and unconditional guarantee of protection against Saddam Hussein, whose tanks are now on the Saudis' border. Washington has already warned Iraq that any invasion of Saudi Arabia will be met with American force. It would be agreeable if other countries dependent on imported oil were to join that guarantee.

A general embargo against oil from Iraq and its captive, Kuwait, will mean a higher price. It is hard to say how much higher, because that depends in a very large part on the consumers. If they panic as they did in the last oil crisis 11 years ago, and frantically begin bidding against each other, they could create another economic disaster. If they keep their heads and exercise restraint, the price rise can be kept within tolerable limits. This is not 1979. American industry, for example, now has built a substantial capacity to switch from oil to natural gas for its boilers. It is time to start giving attention to conservation again.

After several years of cheap oil, the world is going to have to pay more. Is there an alternative? The prelude to the Iraqi invasion of Kuwait was a quarrel about the present price of oil, which Saddam Hussein thought much too low. If he gets away with this criminal act, he will use his new hegemony in the Gulf to see that prices rise. Paying more for oil is not the choice. The only real choice is whether to pay more to Iraq.

— THE WASHINGTON POST.

America Isn't Investing

America has just passed a milestone. Unfortunately, the milestone is on the way downhill. Last year, for the first time, the United States invested less in plant and equipment than Japan did, even though Japan's economy is half the size. The disparity suggests how grossly America is neglecting its future.

Japan spent $549 billion on capital investment, compared with $513 billion by the United States, according to the Council on Competitiveness in Washington. Although a single year's figures may be of limited significance, they are part of a long-term pattern. Since 1972, Japan has spent an average of 17 percent of its gross domestic product on capital investment, and America only 12 percent.

Capital investment is probably the most important factor in determining a country's future productivity and standard of living. American manufacturing productivity is greater than that of other major industrial countries, but this lead is bound to be lost if others continue to invest more.

A one percentage point lag in productivity per year for one century "was sufficient to transform the United Kingdom from the world's undisputed industrial leader into the third-rate economy that it is today," William Baumol notes in a recent study of productivity. A long period of sustained underinvestment means lower standards of living at home and diminished power to exert influence abroad.

If Japan so chooses, its enormous surpluses could be invested to serve diplomatic as well as economic goals. America has the same option. But to aid the Soviet Union and Eastern Europe on the scale, say, of the Marshall Plan, the United States would have to generate sufficient savings, which it seems unwilling to do even though the economy is far larger than it was after World War II.

Americans, like their government, prefer consumption to saving. Japanese may enjoy consumption just as much, but they get less say in the matter. Tokyo's civil servants maintain a powerful set of incentives to save, from high housing prices to a lack of consumer credit. Tapping this bountiful pool of savings, Japanese companies enjoy a lower cost of capital than their Western competitors. An economy run primarily for the benefit of producers has brought substantial consumer gains, too.

Washington lacks Tokyo's powers to decide what is good for people, but that is no excuse for its long neglect of low saving and investment rates. In Tokyo's diagnosis, America is suffering from a bad case of *eikoku byo* — "English disease." The current budget negotiations may be the place to try to shift the American economy toward healthier and less profligate habits.

— THE NEW YORK TIMES.

Other Comment

Back to a Pre-Cold War World

The Iraqi action [against Kuwait] has wider international implications. For those who believe that superpower détente equals global peace, the invasion should provide an early corrective.

Strewn throughout this unhappy world are local conflicts rooted in history, race, religion and the sheer personal distaste of one ruler for another. These conflicts preceded the rise of the superpowers; they are likely to survive into the coming decades long after the bipolar world is gone.

When Washington and Moscow jointly held the balance of international power in their stalemated struggle for supremacy, they contained local tensions most of the time. With the Soviet Union's influence contracting around the world, and the United States re-examining its global role, local and regional conflicts have begun to move center-stage in international politics.

— The Straits Times (Singapore).

INTERNATIONAL HERALD TRIBUNE
JOHN HAY WHITNEY, *Chairman 1958-1982*

KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER
Co-Chairmen

LEE W. HUEBNER, *Publisher*

JOHN VINOCUR, *Executive Editor* • WALTER WELLS, *News Editor* • SAMUEL ABT, KATHERINE KNORR and CHARLES MITCHELMORE, *Deputy Editors* • CARL GEWIRTZ, *Associate Editor* • ROBERT J. DONAHUE, *Editor of the Editorial Pages* • REGINALD DALE, *Economic and Financial Editor*

RENÉ BONDY, *Deputy Publisher* • RICHARD H. MORGAN, *Associate Publisher* • FRANÇOIS DESMAISONS, *Associate Director* • JUANITA I. CASPARI, *Advertising Sales Director* • ROBERT FARRÉ, *Circulation Director, Europe* • KOURDT HOWELL, *Director, Information Systems*

International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France. Tel.: (1) 46.37.93.00. Telex: Advertising, 613595; Circulation, 612832; Editorial, 612718; Production, 630698.

Directeur de la publication: Richard D. Simmons

Editor for Asia: Michael Richardson, 5 Canterbury Rd., Singapore 0511. Tel.472-7768. Tlx RS56928
Mng. Dir. Asia, Rolf D. Krampuhl, 50 Gloucester Rd., Hong Kong. Tel. 8610616. Telex: 61170
Mng. Dir. U.K., Garry Thorne, 63 Long Acre, London WC2. Tel. 836-4802. Telex: 262009
Gen. Mgr. W. Germany: W. Lauterbach, Friedrichstr. 15, 6000 Frankfurt/M. Tel. (069) 726755. Tlx 416721
Pres. U.S.: Michael Conroy, 850 Third Ave., New York, N.Y. 10022. Tel. (212) 752-3890. Telex: 427173
S.A. au capital de 1.200.000 F. RCS Nanterre B 732021126. Commission Paritaire No. 61337
© 1990, International Herald Tribune. All rights reserved. *ISSN: 0294-8052.*

OPINION

Saddam's Grab Challenges America

By Jim Hoagland

WASHINGTON — Saddam Hussein, who began his career in the secretive and violent world of Iraqi politics as a teenage gunman, has changed the course of Arab and global politics with his invasion of Kuwait. The Arab world and the international community face a regional power that is willing to use brute force, backed up by chemical weapons, against all comers. If they fail to block the Iraqi dictator's drive for regional supremacy, other ambitious rulers will be encouraged to follow in his footsteps.

Saddam, as the Iraqi leader is universally known in the Middle East, struck at his small, defenseless neighbor confident that other Arab countries were too weak to stop him, and that the only regional powers capable of opposing him — Iran and Israel — would not come to Kuwait's defense. He could also be sure that in the new climate of Soviet-American cooperation, the superpowers would not react with direct military action.

In military terms, the Iraqi invasion is little more than a particularly vicious mugging of a rich little old lady who has been openly stalked and taunted by the neighborhood bully for months while everyone else looked the other way.

It is the failure of any other country to deter Saddam Hussein that makes the Kuwait invasion a watershed in regional and global politics. The surprise and inaction of the United States and its Arab allies in the face of the invasion stand in stark contrast to what previous American presidents and Arab rulers would have felt compelled to do in similar circumstances.

Dwight Eisenhower sent U.S. marines to Lebanon in 1958 in far less threatening circumstances. Richard Nixon and Henry Kissinger encouraged Israel to protect Jordan's King Hussein from Syria and radical Palestinian forces in 1970, and called a



By TOM in Trouw (Amsterdam). C&W Syndicate.

nuclear alert during the 1973 Arab-Israeli war. Jimmy Carter and Ronald Reagan built up a Rapid Deployment Force to keep Gulf oil in friendly hands. But Saddam has met no meaningful opposition in the past year from George Bush as he has coerced other Arab leaders into silence or support for his ambitions to rule the Middle East.

King Hussein, once a close American ally and the quintessential survivor in Middle Eastern politics, caught the trend early by forming an alliance with Baghdad. He felt he could no longer rely on Washington, the king tells visitors to Amman. That is a feeling that now risks becoming universal in the Arab world as the Iraqis digest Kuwait.

Saddam, now 53, has relied on violence or the threat of violence as his primary instrument of achieving what he wants throughout his political career, which began in 1959 when he sprayed a dozen machine gun bullets into the limousine of President Abdel Karim Kassem in an unsuccessful assassination attempt. Saddam, a law student, was part of a three-man hit team. He fled the scene on foot and hailed a taxi. Rather than visit a doctor and risk exposure, he cut a revolver bullet out of his leg with a penknife and escaped abroad. He lived in Damascus and Cairo before returning to Baghdad in 1963 after army officers belonging to his Ba'ath party killed General Kassem.

The officers lost power nine months later, and Saddam was arrested after a daylong shoot-out with police. He escaped from jail in 1965 and was pardoned a year later by the government, which made the mistake of seeing him as a youthful hothead who could be redeemed. Others have been making that mistake about him ever since.

Despite the lip service he pays to the Arab Socialist creed of the Ba'ath party, power for himself and for Iraq is the only ideology he has consistently pursued. By 1972 he had risen to the number two position in the Ba'ath regime and supervised the abrupt nationalization of the British-owned Iraq Petroleum Company. The takeover, Saddam told me during an interview in Baghdad three years later, was a decisive event in his political career. After a brief period of bluster, Britain accepted the nationalization and set about doing business with Iraq again.

Our conversation occurred shortly after Iran and the United States had halted their support for Kurdish rebels who rose against Baghdad in 1973. This betrayal strengthened Saddam in his conviction that the West would eventually fold in a confrontation. But he also showed signs of ideological flexibility in that meeting. He expressed hopes of normalizing relations with the United States, hopes that soared when the shah fell and the fundamentalist Shiite regime of Ayatollah Ruhollah Khomeini came to power in Iran.

The presence of the bitterly anti-American regime in Tehran has colored U.S.-Iraqi relations, making Washington more reluctant to oppose Saddam's adventures and relentless pursuit of chemical and nuclear weapons than it should have been. Encouraged by assessments from Washington and Iranian exiles that the Khomeini regime would quickly collapse, Saddam invaded Iran in 1980, launching an eight-year military stalemate that devastated Iraq's economy but built up a combat-hardened army of a million men.

With the disappearance of the shah, who once offered protection to the small Gulf oil producers against Iraq, and the destruction of Iran's military machine, Iraq emerged from the war as a hungry lion among a herd of gazelles who had lost their historic protectors. The other non-Arab power of the region, Israel, confirmed last week through its inaction that it had no interest in providing protection for a small Arab state that had faithfully bankrolled the Palestine Liberation Organization. The Kuwaiti ruling family that Saddam deposed has been as committed to the destruction of Israel as has the Iraqi strongman, if not more so.

Iraq's invasion of Kuwait is in fact a bonus for Israel. The Arabs have denounced the Israeli occupation of Arab land since 1967 as illegal, immoral and a danger to international peace. Now that an Arab army occupies Arab land, the force of that argument disappears.

The Iraqi invasion is a death blow to the already reeling force of Arab nationalism as it was conceived and propagated by the Egyptian revolutionaries who overthrew King Farouk in 1948 and set about reinventing the Arab world. Saddam does not replace Gamal Abdel Nasser so much as he buries what was left of Nasser's pan-Arab philosophy. With the invasion, Saddam has shown with brutal clarity that force has become the common denominator of Arab politics.

Saddam dreams of returning Iraq to the dominant position it occupied in ancient times as Mesopotamia. Other Arab leaders will become his satraps in this vision. "There are no borders between Arab countries," Saddam pointedly told a Kuwaiti envoy last winter. His arch rival, Syria's Hafez Assad, whose army is tied down in Lebanon, did not move a muscle as Iraqi troops took Kuwait's oil wells.

Nor did Saudi Arabia, despite the massive and controversial purchases of U.S. arms such as F-15s and AWACS aircraft in recent years. The inability of the Saudi-U.S. security partnership to contain Iraq will add to the sense in the Middle East that the direct strong role the United States once played in the region is a thing of the past.

In the Arab world this risks becoming a self-fulfilling prophecy. Since World War II, the United States has seemed to Arabs to be a source of mythic power, working its will in the region with ease. This has brought resentment because of the Israeli-American alliance, but it has also brought the United States respect and cooperation. These

The Bush administration has chosen to emphasize the need for Arab action and for collective action by the international community. Neither course will work without strong, effective American leadership committed to the removal of Saddam.

will now disappear if Washington does not find effective ways to counter Saddam's appropriation of a country seen throughout the region as an American friend and economic ally.

The Bush administration also carries the burden of showing that its appeasement of Saddam, in hopes that he could be rehabilitated, did not help persuade him that he could get away with the Kuwaiti invasion and threaten Saudi borders.

The administration has chosen to emphasize the need for Arab action and for collective action by the international community to make Iraq withdraw from Kuwait and refrain from attacking Saudi Arabia. But neither course will work without strong, effective American leadership committed to the removal of Saddam.

Neither Saudi Arabia nor Turkey is likely to risk direct confrontation with Iraq by unilaterally cutting off the Iraqi oil pipelines that pass through their territory. But both could be made to observe an embargo and naval quarantine enforced by an international force. Iraq's desperate economic condition, which helped trigger the invasion of Kuwait, would quickly worsen under a blockade.

The war with Iran saddled Iraq with an estimated $80 billion in debt to Arab and Western countries and an undisclosed amount to Iraq's main arms supplier, the Soviet Union. (With Soviet help a rapidly wasting asset, Saddam lost little by angering Moscow with the move against Kuwait.) But the invasion of Kuwait will turn out to offer Saddam little immediate help — a reality that he may not have taken into account.

The Iraqis will have found only small change on hand in Kuwait, which has systematically invested the lion's share of its oil earnings in the West. According to Arab banking sources, Kuwait's commercial banks normally keep only about $7 billion on hand in gold and foreign reserves, and may have moved much of this to other countries in the Gulf as tension increased. Most of the nearly $200 billion in assets held by Kuwait's government and the small private sector is tied up in investments in the United States, Britain and Spain, or in nonperforming assets in Third World countries. These can be protected by an effective international freeze on Kuwaiti assets.

The American strategy must aim at turning the Kuwaiti occupation into a new burden on Iraq's already strained economy. Saddam has bullied his way to the center of world attention and concern, a phenomenal accomplishment for this ex-street tough. But Napoleon's law that dictators can do anything with bayonets except sit on them applies to Saddam, too. The United States bears special responsibility to prove that.

The Washington Post.

Iraq Could Wind Up Alone in the Loser's Corner

By Geoffrey Kemp

WASHINGTON — The reckless seizure of Kuwait and its oil fields is likely to lead eventually to a strategic realignment in the Middle East that could isolate and undermine Saddam Hussein. His two prime enemies, Iran and Israel, would be the greatest beneficiaries of such a realignment.

In addition to U.S.-West European cooperation to put pressure on the Iraqi president, the world is witnessing a joint crisis-management exercise by the United States and the Soviet Union. The new superpower cooperation was evident in a joint statement issued by Secretary of State James Baker and Foreign Minister Eduard Shevardnadze demanding that all nations cut off arms deliveries to Iraq. Significantly, Mr. Shevardnadze said that the invasion "contradicts the principles of new political thinking."

The countervailing pressures that this will put on Saddam Hussein will not bear fruit overnight — indeed, the current crisis may worsen — but his conquest of a fellow Arab state has no modern precedent and has set in motion events that surely will return to haunt him.

Until Saddam Hussein started killing his brethren, his bluster and oratory — especially his threats against Israel and Kuwait — pleased many Arabs who feared Israel's military might and hard-line policies and were angry with small oil-rich states, which they considered pampered and indulgent. Now, however, the lamps are burning late in the ministries and palaces from Riyadh to Rabat.

Each Arab country has its own reasons to regret Saddam Hussein's action. Most threatened are other members of the Gulf Cooperation Council, especially Saudi Arabia and the United Arab Emirates, which are situated only a few hours from his armored columns.

The invasion is a disaster for Egypt's president, Hosni Mubarak, a close ally of Saddam Hussein, who undertook a very public mission to prevent it. The moderate Palestinians are also big losers, since world attention will once more be diverted from their cause, and their radical colleagues such as Mohammed Abbas will gain stature in Baghdad.

Jordan is particularly threatened, since any increase in Iraqi-instigated Palestinian terrorism will increase the potential for an Israeli-Iraqi military confrontation, with Jordan likely to be the killing field.

Fear of retribution is likely to prevent the Arab League from condemning Saddam Hussein's conduct outright, let alone take heroic action to save Kuwait. Nevertheless, most Arab leaders, terrified of Iraq, are beginning the search to find ways to counterbalance its power. They realize that if Saddam Hussein's ambition, bolstered by his battle-hardened army, goes unchecked, he may lead them down a disastrous path to further war and ruin.

What can the Arabs do to counter Iraq? And how can the United States and its allies help them?

The immediate issues are obtaining Iraqi withdrawal and American assurances that the United States will deploy forces to defend Saudi Arabia, if they are requested.

The ultimate goal for the United States may be improved Western relations with Iran, the one country in the region that potentially can serve as a balancing power.

This is problematic. There is no indication that Iran is willing to abandon a medieval foreign policy that led to its defeat in the Iran-Iraq war, bankrupted its economy and assured it the continuing enmity of the key Western countries. On the contrary, Iran and Iraq share a common interest in "disciplining" the small Arab oil-producing states in order to promote a rise in oil prices.

But Iran may realize that it has a golden opportunity to improve its stature in the world, and easily, by bringing about the release of the remaining Western hostages in Lebanon. If this occurs, Western countries will be eager to re-establish strong ties and help rebuild Iran's shattered economy.

In years, rather than decades, Iran could again be a powerful regional force, especially if it rebuilt its armed forces with modern Soviet and Western arms. This has always been Iraq's worst nightmare, and Saddam Hussein's adventure may well have set the process in motion.

Israel is likely to benefit from the Iraqi aggression. Its fear of an eventual military coalition between Jordan, Iraq and Syria — the so-called eastern front — will now be taken more seriously. This prospect should bolster Israel's case for U.S. aid.

The occupation of Kuwait will also strengthen Israel's argument that no territorial solution to the Palestinian question is possible without a parallel political settlement with its Arab neighbors, especially Syria and Jordan. Since this is not imminent, Israel may now have been handed some time to take new steps to defuse the Palestinian uprising.

In order to buttress Israel's security there will now be greater pressures on the industrial powers to deny Iraq the technology it seeks to build advanced missiles and nuclear weapons.

While efforts to halt such proliferation in all Third World countries are ultimately not likely to succeed, selective embargoes on arms and technology against maverick countries can be effective in the short term, as Iran found out to its dismay during its war with Iraq.

America, the Soviet Union, the key West European countries and Japan appear to be acting together to put pressure on Iraq to pull out of Kuwait. The Soviet Union's decision to suspend arms supplies to Iraq contributes significantly to this pressure.

If this united front holds, the Arabs may well be persuaded to use their considerable diplomatic and economic clout to give the regional bully second thoughts about further aggression.

The writer is senior associate at the Carnegie Foundation for International Peace. He contributed this comment to The New York Times.

Illusions Fade in Washington

WASHINGTON — The Iraqi dictator's brutal conquest of Kuwait has exposed the emptiness of conflicting congressional and presidential illusions in Washington about the prospects for world peace in the post-Cold War era.

The congressional illusion is that elimination of the Soviet threat means that happy days are here again. Congress has long been readier than any recent president to recognize that the Soviets were overrated as an international menace. What Congress, and particularly the House, has been slow to recognize is that the absence of a Soviet threat does not automatically mean that the world has become a safer place.

The House Armed Services Committee invested its illusions in an alarming vote to eliminate many weapons systems, including the B-2 bomber. The day after the invasion, the Senate voted to save the bomber, with Sam Nunn contending that the president needs long-range bombers in such crises. The minority leader, Bob Dole, said Saddam Hussein had issued a "wake-up call."

George Bush's illusion is the capitalist one that evil men can be appeased by commerce. He has clung to it in dealing with China. He has ignored congressional warnings about the dangers of extending commercial credits to Iraq. He reflects the prejudices of the Reagan presidency, which tilted heavily to Iraq in the Gulf war. Mr. Bush holds the typically Republican view that the business of the United States is business, with no questions asked of the buyer.

Saddam Hussein is the closest analogue to Adolf Hitler in the modern world. The conquest of Kuwait followed Hitler's pattern when the Nazis were gobbling up Central Europe. First invent or inflate a grievance. Then create a provocation and pledge to negotiate its resolution. Finally, when the world is lulled, occupy the hapless neighboring state in a blitzkrieg war.

It is fine to talk, as Mr. Bush does now, about collective international action to stop the Iraqi menace. "Collective security" is the honorable phrase once used by President Franklin Roosevelt in his attempts to promote united action against Hitler. It didn't work, because Nazi Germany was too frightening a force. The Arab states of the Middle East are as militarily weak and as scared by Saddam Hussein as Europe was by Hitler. Words will not stop Saddam Hussein, either.

— Lou Cannon, commenting in The Washington Post.

The West Fostered A Despot

By A. M. Rosenthal

PARIS — Iraq's capture of Kuwait is, of course, a declaration of war against Western power and economic independence. It is so obvious that the only two questions remaining are how the West will respond and why it came as a surprise. They are inseparable.

Unless the West at last faces the truth about why it failed to see the plain danger, it will not be able to act decisively now. That will make another adventure by the Iraqi dictator simply a matter of a little time.

Only a few months ago, Saddam Hussein made shriekingly clear his intention to use his million soldiers, his Soviet tanks, French planes and American technology to destroy Israel and control the Middle East and the oil that moves the world.

The way to stop him before he attacked was an immediate Western embargo. When an enemy points a pistol and says he will pull the trigger, there is no high moral obligation to wait until he does.

Now it will cost more to stanch the blood. The ultimate goal now has to be the elimination of the incurably murderous Baghdad dictatorship by Western, Japanese and Israeli economic and military reprisals.

Total sea and air blockade of Iraq, including turning off Iraqi pipelines running through Saudi Arabia and Turkey, could ruin Iraq and bring about the dictator's end.

So far President George Bush has reacted with the minimum steps needed to look his ashen face in the mirror. That gives him a little time to see if America's allies will join it in effective action — or whether we will all just thrash around, amusing Saddam Hussein with futile bluster.

President Bush needs time, which is costly, because Western leaders failed in their duty to prepare action against the plainest threats of aggression since Adolf Hitler.

Why in the name of sanity is there a Western alliance, glistening with planning staff and elegant headquarters, if not to agree in advance on how to meet such a threat?

Saddam Hussein, like other serial killers, wrote "Stop me" on the mirror. First he cried out his lust for empire. Then he handed the West his first battle plan by threatening to attack Kuwait for lowering oil prices. Then he moved his troops to the frontier.

Intelligently, he wanted to find out if the West had any intention of trying to stop him. When he discovered the answer, he moved across the border.

Now, with or without direct invasion, Iraq can control the ruling clans of Saudi Arabia and Jordan — or blow them away. Both families are already terrified by the meagerness of their popularity at home. In 1970, the Israelis saved King Hussein of Jordan from the Syrians. Who will save him from Saddam Hussein?

The Iraqis plan to attack Israel one day. In 1981, the Israelis destroyed the Iraqi nuclear reactor and were piously denounced in the West. After Kuwait, does Senator Bob Dole still want to cut military support for Israel? The West was blind to the truth about the Middle East because it had put out its eyes with the dagger of its own lies.

The first lie is that Israel is the root of danger in the Middle East; if it would only agree to some kind of Palestinian state, peace would follow. But Palestinians cannot give Israel peace. Only the Arab nations can. For decades they refused and still do.

One victim of the Kuwaiti invasion was any lingering Palestinian dream of a separate state. It would be run by Saddam Hussein's Palestinian allies. He would then be a pistol shot from Israel's heart.

The invasion proves one more weary time that it is not Israel that prevents peace. It is the Arab tyrannies, eager not only to destroy Israel but to shed blood in their perpetual feuds and wars. But decade after decade the West sold weapons to the dictators. Greed for cash and oil was the reason. And for cash and oil, the West deluded itself into thinking that the sheikhs and kinglings created by its colonial offices and oil companies were real political rulers.

The second suicidal lie: The Arab threat is only dangerous to Israel. Too bad for the Jews, sure, but look, not as important for the West as oil.

And not as important for Moscow as selling all those Soviet tanks, now on view in the streets of Kuwait.

Now Saddam Hussein has made the mistake of showing the West that tyrants cannot be appeased, neither with money, guns nor lies. That is the mistake all tyrants make. And that is how they are brought down — but only if truth finally brings courage.

The New York Times.

100, 75 AND 50 YEARS AGO

1890: Abdication Soon?

VIENNA — The letter to the Governor of Syria in which the Emperor Francis Joseph says that his visit is probably the last he will make to the province, is much remarked upon. It is regarded as confirmation of reports of abdication which have been current.

1915: Fall of Warsaw

AMSTERDAM — A despatch from Berlin reports that the army of Prince Leopold of Bavaria last night [Aug. 4] took the outer and inner lines of the forts of Warsaw, where the Russian rearguards offered a stubborn resistance. The city was occupied this morning by German troops. Warsaw is reported to have been evacuated. If the Russians have actually withdrawn from the Polish capital, they are only carrying out the grand duke's prearranged strategic scheme of falling back from Poland to the Grodno and Brest-Litovsk line of fortresses, the better to prepare for their final great offensive. Germany has long foreseen that the fall of Warsaw would be a barren victory, and she is now seeking to make Riga a new goal in a campaign doomed to failure, just as the Kaiser turned his armies toward Calais, when he found that his attempts to crush the French armies in their strategic retirement on Paris had been foiled.

1940: Offensive Seen

LONDON — Amid a spate of government-inspired statements warning Britons that the German mass air attacks which they have endured since June 28 have been only "warm-ups" for the expected great aerial offensive, a squadron of Great Britain's Spitfire fighters soared across the English Channel yesterday [Aug. 5], shot down two German Messerschmitt fighter craft and "probably destroyed" two others in a battle four miles north of Calais, on the French Channel coast.

— From the New York edition of the New York Herald Tribune.

Nationalist Elected In Armenia on Eve Of Autonomy Vote

By David Remnick
Washington Post Service

MOSCOW — The Armenian legislature will begin discussions Monday on whether to pass a declaration calling for the eventual establishment of an independent Armenian state.

Late Saturday, the legislature in Yerevan elected an independence activist, Levon Ter-Petrossian, president of the Armenian parliament and, in effect, of the republic itself.

Mr. Ter-Petrossian, a scholar of ancient Armenian history who was imprisoned for six months last year for his role as a leader of the nationalist Karabakh Committee, supports a declaration of negotiated independence from Moscow much like that adopted earlier this year in Latvia and Estonia.

Mr. Ter-Petrossian defeated the leader of the Armenian Communist Party, Vladimir Movsisian, on the fourth ballot, 140 to 76.

In recent months, Mr. Ter-Petrossian, 45, has been leader of the Armenian National Movement, an independence group that has a hold on around 45 percent of the seats in the new legislature; the Communist Party has 45 percent and independents the rest.

Mr. Ter-Petrossian won votes from Communists as well as his own supporters in the Armenia National Movement to win election.

Speaking before the legislature, Mr. Ter-Petrossian said that the Communist Party in Armenia had often "sold out" the republic's interests in order to benefit and satisfy the Kremlin.

He also said that Armenia should work out its independence from Moscow "by legal means" and negotiations instead of confrontation.

He said that Armenia, which was last an independent state between 1918 and 1920, should eventually become a member of the United Nations and have embassies abroad.

Legislators have been circulating various drafts of an independence declaration, but sources in Yerevan said that none of them are as unequivocal as the one passed last March by the Lithuanians.

The two other Baltic states, Estonia and Latvia, as well as Georgia, also took note of the Lithuanian experience and managed to avoid a similar standoff with Moscow by passing independence resolutions that were less confrontational in tone.

"I think everyone here learned the lessons of the Lithuanian experience," said Raffi Hovannisian, an Armenian-American who is a leader of the Armenian Assembly lobbying group in Washington. "The idea is to avoid economic or military sanctions from Moscow, and to win independence by means of negotiation," he said by telephone from Yerevan.

Rafael Popoyan, a journalist and member of Armenia's parliament, said that instead of declaring independence the legislature may call for national "sovereignty" within the Soviet Union.

Last December, the republican legislature declared that in the case of conflict between Armenian and Soviet laws, Armenian statutes would take precedence.

Mr. Ter-Petrossian faces a critical situation this week on what to do about President Mikhail S. Gorbachev's ultimatum that the thousands of members of independent Armenian militia groups along the border with Azerbaijan hand over their arms voluntarily or face potential confrontation with Soviet militia and army units. The deadline is Thursday.

Tensions in the republic heightened even more last week when members of paramilitary groups stole 100 flamethrowers from a Soviet Army weapons depot. Mr. Popoyan said the Armenian parliament demanded that the flamethrowers be returned — and they were, after the announcement of Mr. Ter-Petrossian's election.



Gillian Allen/The Associated Press

A HAPPY 90TH — Members of Britain's royal family celebrating Queen Mother Elizabeth's 90th birthday outside her London residence. From left: Queen Elizabeth II; Diana, Princess of Wales; Prince Charles; the queen mother, and Princess Margaret.

Bonn Calls for Vote Within 2 Weeks on October Elections

The Associated Press

BONN — The West German government said on Sunday that parliament should vote within two weeks on Chancellor Helmut Kohl's plan for early all-German elections.

The Social Democrats, the government's chief political rivals, vowed the idea would never make it through parliament. They have charged that the only reason Mr. Kohl wants to move up the elections is fear that voters will turn against him as East Germany's economy worsens.

An Interior Ministry official said that because of constitutional constraints, only about two weeks remain for a decision on Oct. 14 elections.

Whether all-German elections occur on Dec. 2 or Oct. 14 hinges on whether Mr. Kohl is able to persuade parliament to make the constitutional change necessary for the earlier date.

For that, Mr. Kohl needs a two-thirds majority vote, and cannot manage without the Social Democrats.

Oskar Lafontaine, Mr. Kohl's Social Democratic rival for the chancellorship of a united Germany, vowed that Mr. Kohl's plan would be blocked.

"Kohl's panicky proposal clearly shows that he sees his chances vanishing every day," Mr. Lafontaine told the newspaper Süddeutsche Zeitung.

Mr. Kohl seemed to acknowledge that pushing the idea through parliament would be harder than expected.

There had been speculation that Mr. Kohl might intentionally lose a confidence vote as a means of dissolving the West German parliament and calling for early, all-German elections.

That would avoid trying to enlist the Social Democrats' support for changing the constitution.

But Mr. Kohl's chief of staff, Rudolf Seiters, said such a possibility is "not under consideration." Instead, Mr. Kohl is seeking the consensus of the Social Democrats on early all-German elections, Mr. Seiters said.

Joblessness in East Germany has climbed to more than 240,000 after the July 2 economic merger of the two Germanys, as uncompetitive businesses and factories go under, Süddeutsche Zeitung reported.

Mr. Kohl said that moving up unity was necessary to improve economic and social conditions in East Germany, but that he only had in mind the welfare of the East German populace and not his own political fortunes.

Mr. Seiters reiterated that view on Sunday. He said all parties in the parliament must ask themselves, "What best serves the people of Germany?"

He said elections were needed soon "to minimize the transitional problems of German unity."

Mr. Seiters also announced that Mr. Kohl and Hans-Jochen Vogel, federal leader of the Social Democrats, would meet on Tuesday to seek agreement on the matter.

■ Kohl on Tax Increase

In an interview on West German television, Mr. Kohl no longer appeared to rule out completely the possibility of tax increases to pay for unification, Reuters reported from Bonn.

Mr. Kohl, who has firmly denied that unification could result in higher taxes, was asked why politicians did not have the courage to say that German unity was so costly that taxes would have to be raised.

"For the moment I stand by my thesis that it will be mastered financially and economically," he replied. "What additional costs there may be we will find out. And I am not afraid to say it publicly if it costs more."

He said the costs should be presented before elections were held.

One advantage of the proposal to move elections forward, he said, "is that we will be able to really take stock of the entire costs."

Iran Seeks to Restore Ties With Britain

By Steven Prokesch
New York Times Service

LONDON — President Ali Akbar Hashemi Rafsanjani of Iran says his government is willing to restore diplomatic relations with Britain, which Iran severed in March 1989 as a result of its anger over the novel "The Satanic Verses," Iranian news organizations reported.

The reports Saturday followed comments by Foreign Secretary Douglas Hurd, who praised Islam and stressed that Britain had no responsibility for the publication of the novel. Iranian leaders say the book blasphemes Islam.

Reacting cautiously, the British government said Iran had not yet contacted it through formal channels — meaning the Swedish Embassy in Tehran, which is looking out for British interests in Iran.

And a spokesman for the British Foreign Office also said that other issues blocked the resumption of normal relations.

"We've noted the report with interest and we'll study it, but obstacles remain to better relations and we're looking for a substantive gesture of goodwill from the Iranian authorities," the spokesman said Saturday.

One obstacle is Iran's imprisonment since December 1985 of Roger Cooper, a British businessman.

No formal charges have been brought against him, although Iranian news organizations labeled him a spy.

Another obstacle is the British hostages held in Lebanon: Terry Waite, Jackie Mann and John McCarthy.

A fourth hostage, Brian Keenan, is from Northern Ireland, but his family has asked him to be classified as Irish in the hope that might increase his chances of being released.

"We feel the Iranians have a very significant part to play" in getting the hostages released, the Foreign Office spokesman said.

A third obstacle has been the order for Muslims to kill Salman Rushdie, the author of "The Satanic Verses."

Attacking the novel as blasphemous, Iran's leader at the time, Ayatollah Ruhollah Khomeini, issued the death order in February 1989.

Since then Mr. Rushdie, a British citizen who was born into a Muslim family in India, has been in hiding.

A month after the death order, Iran severed diplomatic ties with Britain, saying it had shown disrespect for Islam by refusing to condemn Mr. Rushdie and his novel.

The British Foreign Office spokesman seemed optimistic that if the Iranian news reports were true, the death order would be lifted.

On Friday, the Iranian press agency quoted an Iranian cleric as saying that Mr. Hurd's comments "had almost met the conditions" for restoring relations.

Ridley Claims Support for Views

The Associated Press

LONDON — Nicholas Ridley, who resigned his cabinet post last month after saying a joint European monetary policy was a "German racket designed to take over the whole of Europe," has repeated his views and said he has received thousands of supportive letters.

"A very large number of people are fearful about where it's all leading," he said in an interview with the Sunday Express.

Mr. Ridley quit as Trade and Industry secretary on July 14 after The Spectator, a conservative weekly, published his remarks about West Germany. Mr. Ridley told the Sunday Express that he would have used more diplomatic language if he had known he was going to be quoted verbatim.

ARMS: *U.S.-Soviet Talks Slacken*

(Continued from page 1)

both countries and a growing sense that the threat of nuclear conflict has declined.

But U.S. officials argue that regardless of how warm their relations become, the superpowers still need a mechanism for balanced, deep reductions in the most threatening nuclear weapons.

Despite accommodation on regional crises such as Iraq, both governments are still protecting narrow military interests as the strategic talks head into the final stretch after eight years, the U.S. and Soviet officials said.

They urged a special meeting of U.S. and Soviet foreign ministers or a presidential meeting on arms control later this year, an idea that was discussed last week but not agreed to by Secretary of State James A. Baker 3d and Foreign Minister Eduard A. Shevardnadze.

Presidents George Bush and Mikhail S. Gorbachev pledged last December to complete the accord this year, forcing a reduction of 20 percent to 30 percent in strategic, or long-range, nuclear arsenals over the next seven years.

Barring further negotiated reductions or budget-related weapons cuts, each side would then have 7,500 to 10,000 warheads capable of hitting each other's territory, each detonating with far greater force than the weapons that devastated Hiroshima and Nagasaki in World War II.

The officials, providing details of the confidential Geneva talks on the condition that they not be identified, said one of the most difficult of the issues is the fate of hundreds of ballistic missiles and thousands of associated nuclear warheads that must be withdrawn from U.S. and Soviet arsenals under the accord.

They said both sides were eager to avoid completely scrapping this weaponry, which cost billions of dollars, particularly with military budgets are tight. But they disagree sharply over what restrictions should be placed on any alternate, "peaceful" uses.

U.S. negotiators, for example, favor allowing such missiles as the aging Minuteman-2 and the Poseidon to be used for launching space weapons or as targets for testing the Strategic Defense Initiative program, aimed at developing a partial defense against Soviet nuclear attack.

The United States also has proposed to exempt any missiles involved in SDI tests from a treaty provision inspired by the United States requiring the open transmission of electronic information during any missile flight tests.

The Soviet Union, in contrast, favors using such missiles only for launching "peaceful" satellites or other nonweaponry space objects, and opposes any use with SDI, which it has long opposed.

The two sides remain at odds over the potential reuse of nuclear warheads withdrawn under the new accord.

U.S. officials say the Bush administration nonetheless had decided to oppose any limitations on reusing nuclear warheads withdrawn from U.S. and Soviet arsenals on remaining strategic weapons.

The Soviets, in contrast, favor retaining the somewhat more restrictive formula of the INF accord, which required the destruction of the exterior warhead shell, but allowed retention of the "guidance elements" and mechanical insides of the warhead, including associated fissionable materials.

Moscow and Washington also have not been able to agree on U.S. sales of strategic weaponry to Britain, an issue that an expert called "a potential treaty-buster" and "one of the most important obstacles to agreement."

With vigorous backing from London, Washington has strongly opposed the Soviets' demand that such sales end after completion of a current deal involving the Trident-2, and pledged to give up the accord unless the Soviet demand is withdrawn.

KGB: *Ex-Officer's Election Bid Tests Soviets' View of Intelligence Agency*

(Continued from page 1)

Times last month wondered in print about the KGB's acquiescence in coddling terrorists. Mr. Kalugin, however, has evaded this question.

In July, Mr. Kalugin accepted nomination for a seat in the Congress vacated by Ivan K. Polozkov, a hard-liner who had just become the Communist Party chief of the Russian Republic.

Mr. Kalugin, who has left the Communist Party, endorses the platform of the non-Communist opposition — free markets, full democracy and civil rights — but he is in effect campaigning against the leadership of the KGB, which he served for 32 years as an operative and senior counterintelligence officer.

He tantalizes audiences with accounts of KGB privileges, with titillating reminders that agents may be working the audience as he speaks, with sharp criticism of Vladimir A. Kryuchkov, the security chief.

Anticipating questions about why he waited until his forced retirement before challenging the agency, Mr. Kalugin says, "Gorbachev never said a word about Brezhnev when he was alive. At least, I did not wait for Kryuchkov to die before speaking out about the KGB."

Mr. Kalugin calls for halving the budgets of the KGB and military and turning over the money to social programs, and for making the leadership of these organizations publicly accountable.

The 700 listeners who showed up Wednesday for a twilight rally in Thirty Years of Victory Park, on the outskirts of Krasnodar, strained to catch these thrilling tidbits from a feeble bullhorn, and erupted often into applause.

"Courage, honesty, sincerity," they exulted afterwards, crowding around in a noisy circle to share their excitement at a new hero, and to liken him to another outcast of the system, Boris N. Yeltsin, now president of the Russian Republic.

Most listeners seemed to resent the security police less for its history of repression than for its place in the broader establishment that has so lost public trust.

Mr. Kalugin faces 20 other candidates in the Aug. 19 voting, which is likely to go to a second round in early September.

His advisers expect him to do well in the city, but about two-thirds of the voters are rural and accustomed to voting as told by the Communist boss.

Moreover, some voters fear Mr. Kalugin's antagonistic relations with the authorities could hurt this farm region in its relations with Moscow.

Krasnodar has traditionally had influential patrons in Moscow, including Mr. Polozkov and Mr. Yeltsin's predecessor as Russian president, Vitaly I. Vorotnikov.

But Mr. Kalugin profits from the Russian affection for those who have been spurned by system.

The new politics of victimization have propelled other unlikely populists to prominence, including Mr. Yeltsin, who was a defrocked member of the Politburo, and Telman Gdlyan, a federal crime fighter accused of browbeating suspects.

Authorities have added to Mr. Kalugin's celebrity by charging that he divulged state secrets in his various interviews.

As a candidate for the Congress, Mr. Kalugin claims legal immunity, but suspects the charges have added to his popularity.

DOE: *59 Americans Evacuated*

(Continued from page 1)

oust Mr. Doe, who took power in a coup in 1980. In its latest phase, forces loyal to Mr. Johnson have been trying to storm the president's fortified mansion in the capital. Troops loyal to Charles Taylor, the other competing rebel leader, are gathered to the east of the capital, where they had been stopped by Mr. Doe's troops.

Congressional leaders were notified of the action shortly after 5 A.M., the White House said. Senator Paul Simon, Democrat of Illinois and chairman of the Senate Foreign Relations Committee's Africa Affairs subcommittee, said, "The President's action is a proper one and I support his decision."

■ U.S. Help for EC Citizens

Italy, which currently holds the EC leadership, said Sunday that it had arranged for U.S. forces to help Community citizens to leave Liberia if necessary, Reuters reported from Rome. The Foreign Ministry said it had been in contact with Washington on behalf of the 12-member EC.

Switzerland, which is not in the EC, has also contacted the United States to discuss the possible evacuation of its nationals, Swiss radio reported.

Li Adds Thailand to Trip

Agence France-Presse

BEIJING — Prime Minister Li Peng will go to Thailand Aug. 13-14 following previously announced visits to Indonesia and Singapore, the news agency Xinhua said.



Only One Name Brings You Complete Daily Coverage Of World Events All Rolled-Up In One Outstanding News Source.

Subscribe today and save up to 50% off the newsstand price.

Country/Currency		12 months + 52 ISSUES	ONE-YEAR SAVINGS	6 months + 26 ISSUES
Austria	A.Sch.	5,100	3,272	2,800
—hand delivery Vienna	A.Sch.	5,400	2,972	3,000
Belgium	B.Fr.	11,000	7,200	6,000
Denmark	D.Kr.	3,100	1,268	1,700
Finland	F.M.	2,000	1,276	1,100
France	F.F.	1,600	1,312	880
Germany (mail)	D.M.	600	419	330
—*hand delivery	D.M.	758	261	389
Great Britain	£	150	105	82
Greece (mail)	Dr.	33,000	39,800	18,000
—hand delivery Athens	Dr.	41,000	31,800	23,000
Ireland	Ir£	155	116	85
Italy	Lire	420,000	380,800	231,000
Luxembourg	L.Fr.	11,000	7,200	6,000
Netherlands	Fl.	600	492	340
Norway (airmail)	N.Kr.	2,250	2,118	1,200
—**hand delivery	N.Kr.	2,700	1,668	1,450
Portugal	Esc.	31,000	30,900	17,000
Spain (mail)	Ptas.	35,000	25,080	19,200
—***hand delivery Barcelona, Bilbao, Seville	Ptas.	38,000	22,060	20,900
—***hand delivery Madrid	Ptas.	51,480	—	25,740
Sweden (airmail)	S.Kr.	2,200	1,440	1,210
—**hand delivery	S.Kr.	2,800	840	1,540
Switzerland	S.Fr.	500	446	275
Rest of Europe, North Africa, former French Africa, Middle East	$	500	Varies by country	275
Rest of Africa, Gulf States, Asia	$	650		355
Central/Latin America	$	600		330

* For information concerning special hand-delivery in major German cities call IHT Germany at (069) 69.48.92 or fax (069) 69.48.94. Rates do not include free issues.
** At these rates, you can get morning hand delivery in the following cities: Oslo, Stavanger, Stockholm, Goteborg and Malmo.
*** At these rates, hand delivery is available by morning in Barcelona, the same day in Seville and Valencia and the next day in Bilbao. For Madrid, hand-delivery is available by morning, but without the free issues.

YES, I want one outstanding daily news source.
This is the IHT subscription term I prefer (check appropriate boxes):

☐ 12 Months (364 issues in all with 52 bonus issues).
☐ 6 Months (182 issues in all with 26 bonus issues).
☐ My check is enclosed (payable to the IHT).
☐ Please charge my credit card account
☐ American Express ☐ MasterCard
☐ Diners Club ☐ VISA

CARD ACCT. NO. _____
EXPIRY DATE _____ SIGNATURE _____
NAME _____
ADDRESS _____
_____
CITY-CODE _____
COUNTRY _____
TEL. _____
FAX _____ 6-8-90

Return your coupon to:
Subscription Manager, International Herald Tribune
181 Avenue Charles-de-Gaulle
92521 Neuilly Cedex, France

This offer expires December 31, 1990, and is available to new subscribers only.

ACROSS

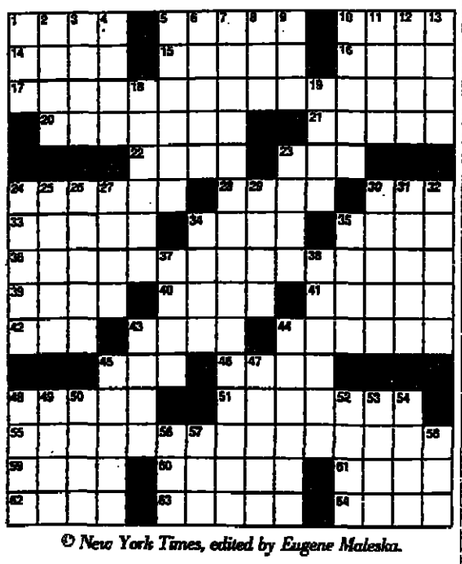
1 North African city
5 "Per ardua ad ——," R.A.F motto
10 Yawn
14 Erstwhile White House pet
15 Wise preceder
16 Not written
17 Chekhov play
20 Made tracks
21 Pal Joey's creator
22 Scarlett's terrain
23 Federal agcy.
24 Steps over fences
28 Stripped
30 Frighten with threats
33 Mushroom
34 Teen-ager's plight
35 Mitigate
36 Forster novel
39 Painter Magritte
40 Scram!
41 African republic
42 Prefix with dent or sect
43 Unhearing
44 Hognose snakes
45 Creek
46 Memorable Surrealist
48 Fountain drinks
51 Obscure riddles
55 O'Neill play
59 Legal right
60 Connect again
61 Manitoban Indian
62 Bungler's apology
63 Hardwood trees
64 Facsimile

DOWN

1 Recurrently, to Donne
2 Yale Bowl sounds
3 A Waugh
4 Intl. pact
5 Arterial ducts
6 Bum —— (bad advice)
7 Auden poem
8 Legal thing
9 Onassis nickname
10 Barbarians
11 Neighborhood
12 Henry VIII's Catherine
13 Designer Schiaparelli
18 Tourists' stopovers
19 Lesion
23 Thought: Comb. form
24 Sting
25 Barfly
26 Tabriz native
27 ——-majesté
29 Biblical preposition
30 Beg
31 Willow tree
32 Has on
34 Ottoman bigwig
35 Geraint's wife
37 On the Baltic
38 Shade of blue
43 Record
44 "—— Restaurant," 1969 film
45 Cloudbursts
47 Laurie or Rooney
48 Town west of Caen
49 Mississippi feeder
50 Unfathomable
52 MC doubled
53 Prefix with drome
54 Short distance
56 NOW goal
57 My: Fr.
58 Attention-getting call

Solution to Friday's Puzzle

M	A	R	C		S	A	L	M	I		A	L	M	A
O	T	E	A		O	R	I	O	N		M	O	O	R
W	H	E	N	I	N	D	O	U	B	T	P	U	N	T
S	A	L	T	S			N	E	R	I		D	A	Y
		A	L	A				E	F	T				
R	U	N	B	A	C	K	A	N	D	F	O	R	T	H
A	R	S			T	O	R	A		S	P	O	R	E
M	A	P	S		E	A	T	N	O		S	L	A	G
O	R	C	H	S		L	U	C	I			E	T	E
S	E	C	O	N	D	A	R	Y	S	C	H	O	O	L
		D	U	E				E	R	A				
S	D	I		F	I	R	S			E	R	A	T	O
C	U	T	O	F	F	A	T	T	H	E	P	A	S	S
O	R	E	L		I	N	U	R	E			E	R	I	S
W	A	R	D		C	A	B	I	N			R	E	N	A



© New York Times, edited by Eugene Maleska.

THE INVASION OF KUWAIT: More governments impose sanctions as Iraq's claim of pullback is disputed

Jordan Stalls on Recognition After Arabs Call Off Summit

Compiled by Our Staff From Dispatches

AMMAN, Jordan — Iraq's closest Arab ally, Jordan, said Sunday that it would not immediately recognize the new military rulers installed in Kuwait while Arab mediation efforts were continuing.

Jordan's decision came after the cancellation of a hastily arranged Arab summit meeting that was to have convened in Saudi Arabia on Sunday to deal with Iraq's invasion of Kuwait. Arab leaders were seeking to mask their divisions and disarray with assertions of brotherhood.

"We still have not given up hope on settling this dispute," said Prime Minister Mudar Badran of Jordan. "Jordan's recognition of a provisional government would obstruct Arab efforts. Therefore, within these efforts, we will not recognize the new cabinet."

A nine-man provisional military cabinet was installed in Kuwait on Saturday. Kuwaiti diplomats said they believed that all nine were Iraqi officers.

King Hussein said in a television interview Sunday that President Saddam Hussein of Iraq had told him he would not invade Saudi Arabia and had warned the West that intimidation of Baghdad could deepen the Gulf crisis.

"I do not believe he intends to go into Saudi Arabia," the king said. "He has told me that."

The cancellation of the summit meeting, which was to have convened in Jeddah, the main Saudi port on the Red Sea, marked a defeat for pro-Western Arab leaders, particularly President Hosni Mubarak of Egypt and King Fahd of Saudi Arabia. They had sought to rally Arabs to condemn President Hussein and stall the momentum that Baghdad had gained by its military seizure of Kuwait.

Despite the efforts of the pro-Western governments, some Arab forces, most notably the Palestine Liberation Organization, appeared to be gravitating toward Iraq, recognizing it as the emerging power in the region.

The chairman of the PLO, Yasser Arafat, diverted attention from the planned summit meeting and thus helped capsize it when he turned up in Egypt on Saturday with what he said was a peace plan backed by Libya.

After meeting in Alexandria with President Mubarak, who has been the most outspoken Arab critic of the invasion, he flew on to Baghdad.

The Libyan leader, Colonel Moammar Gadhafi, said the plan being carried by Mr. Arafat made the summit meeting unnecessary.

The Libyan press agency quoted him as having said that the Libyan-Palestinian plan "is better than any Arab summit. It cuts off the road before any foreign intervention, realizes peace in the region, averts the world from the consequences of this crisis and meets the wishes of the concerned people of the Arab region."

King Hussein, who helped arrange the aborted summit meeting with a quick trip to Baghdad, has been put in perhaps the most difficult position of the Arab officials.

He has been one of President Hussein's strongest backers since the Gulf War, and Iraqi military officers have recently been working with the Jordanian Army. But he also has long-standing ties with the West.

Jordan, along with Libya and the PLO, was among the countries that refused to vote Friday for an Arab League resolution criticizing the invasion.

The Kuwaiti minister of state for cabinet affairs, Abdel Rahman Awadi, had been keeping a lonely vigil in Cairo, watching Arab foreign ministers squabble for two days before managing to condemn the invasion, a vote in which a third of the ministers abstained.

"Kuwait has faith in its Arab brothers," Mr. Awadi said Saturday after a meeting with the Egyptian foreign minister, Esmat Abdel Meguid.

But there appeared to be little indication that other Arab leaders were inclined to resist President Hussein.

Mr. Mubarak was particularly embarrassed, for he had attempted to mediate the dispute and only last week had publicly said that President Hussein had assured him that there would be no invasion.

"I cannot say it was a stab in the back, because if someone is planning an invasion, he would not tell the others about it because this would spoil everything," he said at a news conference.

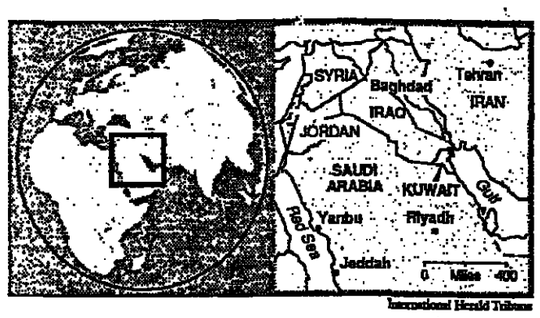
"Really, I was upset, and so was every single person in our country and the Arab world and maybe internationally," he added. "It seems the invasion was planned before."

But in many parts of the Arab world the reaction was more muted, cautious and even, in some cases, somewhat approving.

In Jordan, the tightly controlled press showed some sympathy toward Iraq, with the daily Ad Dustour saying to those who were blaming Iraq: "We urge them not to disregard a long chain of positions taken against Iraqi interests."

Writing in The Jordan Times, Kamal Abu Jaber, a prominent academic, summed up a mood of disenchantment with the hereditary sheikdoms and emirates of the Gulf.

"Is it right," he asked, "that Iraq should pay the bill not only in souls but also in cash while Arab money is being invested, even squandered, in pursuit of luxuries elsewhere?" *(Reuters, NYT)*



International Herald Tribune

Israeli-U.S. Tensions Overshadowed by Crisis

By Jackson Diehl
Washington Post Service

JERUSALEM — Israel's rightist government, seeing itself as a major winner in the Middle East's latest crisis, is approaching its first talks with the Bush administration this week with soaring confidence that recent strains in the U.S.-Israeli relationship will pale beside the threat of President Saddam Hussein.

David Levy, the foreign minister of the new coalition formed by Prime Minister Yitzhak Shamir in June, will meet with Secretary of State James A. Baker 3d on Thursday. Their discussions had been expected to focus on problematic U.S. proposals for Israeli-Palestinian negotiations.

Although aides say that Mr. Levy still hopes to advance a process that has prompted serious tensions between Washington and Israel for six months, other Israeli officials say that Iraq's invasion of Kuwait has fundamentally shifted *the diplomatic situation in favor of* Israel, pushing the Israel-Palestinian conflict to the sidelines.

"We are the big winners of the whole situation," said a senior government official Sunday. "It's like a God-given gift for us. It changes the perception of almost everything, above all the priorities in the U.S.-Israeli relationship."

The continuing crisis in the Gulf makes it unlikely that Israel will be forced to make crucial decisions in the near future about talks with the Palestinians, which are strongly resisted by ultranationalist parties in the new coalition, officials say.

Moreover, Mr. Shamir's government, vindicated in its insistence in recent months on the threat posed by Iraq, can now aspire to play a renewed role as a strategic ally of the United States, helping to deter any further Iraqi expansion.

Israeli officials say that Mr. Hussein's aggression underlines the seriousness of his threat to unleash chemical weapons on Israel in response to any attack. But they note with elation that whereas U.S. and other Western leaders discounted the Iraqi saber rattling until last week, now most of the world's major powers are planning sanctions against Israel's enemy.

"We are benefiting from every perspective," said Yossi Olmert, the director of the Government Press Office. "Of course, we can lose big if Saddam decides to attack us next. But at least the rest of the world now sees what we have been saying all along."

Since its formation June 12, Mr. Shamir's new government has been striving to avoid a major deterioration in relations with Washington, which in recent months have reached their lowest point in years.

In testimony before Congress shortly before the new government was formed, Mr. Baker excoriated Mr. Shamir for refusing to go along with a formula for Israeli-Palestinian negotiations that was intended to carry out Israel's own plan to hold elections in the occupied territories.

Most Israel's believe that the new government would never agree to Mr. Baker's formula, which Washington has relentlessly continued to press on Israel.

Nevertheless, Mr. Levy has been hinting in recent days at possible compromises by Israel on the most thorny issue, which is the makeup of the proposed Palestinian delegation.

Ban on Oil Buying and Trade Is Expected From UN Session

By Paul Lewis
New York Times Service

UNITED NATIONS, New York — The Security Council is expected to impose a worldwide ban on oil purchases from Iraq and occupied Kuwait on Monday in retaliation for the Iraqi invasion and to prohibit all other trade and financial dealings with these countries, according to council members.

Such mandatory trade sanctions appeared likely Sunday, these diplomats say, after China apparently signaled its readiness to go along with an embargo at talks with the other four permanent council members with a veto on decisions — Britain, France, the Soviet Union and the United States.

China did not say clearly whether it would vote itself for the sanctions plan being prepared by the United States and the other permanent members. But China's UN representative said his government has no objection in principle to the plan, a position Western diplomats interpret as a pledge not to veto it.

The American sanctions proposal, which becomes legally binding on all UN members once approved by the council, prohibits all commercial and financial dealings with Iraq and occupied Kuwait, including buying their oil and sending money to anyone in these countries.

It also urges countries not to recognize the government Iraq is installing in Kuwait and to protect assets of the legitimate Kuwaiti authorities held outside that country.

To be adopted the plan needs the support of nine of the council's 15 members and must not be vetoed by any of the permanent members.

In practice, Western diplomats expect the sanctions plan to win the support of at least 13 members.

Yemen, the only Arab member, might abstain or not participate in the vote, the position it took last week when the council first condemned the Iraqi invasion and threatened Baghdad with trade sanctions. China may also abstain though American diplomats still hope it will vote in favor.

The council met informally Sunday to discuss the sanctions plan.

The economic sanctions plan being prepared against Iraq and Kuwait is retroactive and requires companies and other businesses throughout the world to suspend all existing contracts and other commercial agreements with these countries as well to refrain from new business dealings, according to a draft obtained by the New York Times.

It also sets up a special committee of the council to oversee compliance and requires governments to furnish it with any information it needs.

The sanctions plan, which takes the form of a draft council resolution, commits the council "to preserve the sovereignty, independence and territorial integrity of Kuwait" and to " bring the invasion and occupation of Kuwait by Iraq to an end."

It says that UN members must ban the import of all commodities and products originating in Iraq or Kuwait and exported after the date of the resolution. This means buyers can take possession of oil already being shipped.

The proposal also bans activities "calculated to promote the export or transhipment of any commodities or products from Iraq or Kuwait." This clause, lawyers say, would require Turkey and Saudi Arabia to shut down the pipelines across their territory through which Iraq exports most of its oil.

And the draft resolution forbids the sale or supply to Iraq or Kuwait of any commodities or products, including weapons or other military equipment, whether or not these originate in their territories. But it exempts medical supplies and foodstuffs with a humanitarian purpose.

BUSH: *President Commits U.S. to Rolling Back Iraq's Conquest of Kuwait*

(Continued from page 1)

one of them, that we must have concerted action to isolate Iraq economically and you can just assume from there that those matters are being considered," he said.

Mr. Bush said the Iraqis had not pulled back their invading forces, as they promised Friday they would. The Iraqis "lied once again," he said. "They said they were going to start moving out today and there is no evidence they're moving out."

"I want to see the Arab states join the rest of the world in condemning this outrage and doing what they can to get Saddam Hussein out," the president said.

Asked about the defense of the Iraqi ruler by King Hussein of Jordan, Mr. Bush said, "I am disappointed to find any comment by anyone that apologizes or appears to condone what's taken place."

Jordan's monarch said Saturday that other Arab states were "premature" in condemning the Iraqi invasion. He called Iraq's ruler "a patriotic man who believes in his nation and its future and in establishing ties with others on the basis of mutual respect."

Mr. Bush said an Arab leader "that I respect enormously" told him Friday "they needed 48 hours to find what they called an Arab solution. That obviously has failed."

"Of course I'm disappointed," he added.

Asked how he would prevent the Iraqis from installing its new government, Mr. Bush snapped, "Just wait. Watch and learn."

The White House confirmed that 11 American oil workers rounded up after the invasion had been taken to Baghdad. He said the workers had talked with U.S. Embassy officials and appeared to be in good shape. *(AP, Reuters, AFP)*

GULF: *Crisis Could Sap President's Political Strength*

(Continued from page 1)

eral key 1990 races are concentrated, local television news programs and newspaper front pages have been dominated not by news from the Middle East but by pictures of service-station pumps with the new, higher numbers in place, accompanied by stories warning of much more to come.

Anecdotal evidence — all that's available until detailed opinion surveys are completed — suggests that the American public is eager for the president to "do something."

Pressure to act would increase exponentially, of course, should anything happen to the 3,000 to 3,500 Americans believed to be in Kuwait.

"Seems like we ought to be able to get ourselves out of this, those people over there dictating what happens here," said a man interviewed on a Cleveland television station while pumping costlier gas into his car.

The comment illustrates one of the central realities of the new, post-Cold War world. Regional conflict has not been swept away by the reconciliation between Moscow and Washington; indeed, the superpowers find themselves less able, not more so, to influence the course of events in areas where the fear of nuclear conflict used to act as a damper.

There are other problems as well. The tortuous negotiations on a domestic budget settlement, for example, have been based on a tacit understanding that some sort of energy tax would probably be necessary, which seems unlikely at a moment when gasoline and fuel oil prices are rising.

Last week's developments contained a few positive implications for the president. They are highly likely to slow, though not to stop, the rush to cut military spending — something Mr. Bush and his aides had been unable to do previously. And the president, as an adoptive Texan, will no doubt be pleased that that state's long-suffering economy is likely to snap back, with its expensive oil better able to compete with more expensive oil from the Gulf.

There may even be a chance for the U.S. government to cut its losses on the billions of dollars in real estate acquired in the savings and loan bailout; 69 percent of the assets seized from failed banks are in Texas.

But in global or even in national terms, those are relatively small considerations, and the overall picture is an ominous one for Mr. Bush.

The president will need all of his experience, all of his sangfroid and all of his demonstrated skill in rallying other nations to the common cause to handle the diplomatic side of the crisis. He will need great political skills under stress, perhaps more than at any time since he stood on the verge of elimination from the 1988 presidential contest in New Hampshire, to explain to the American public why, having spent tens of billions of tax dollars in the Gulf in the last decade, American influence in the area is so limited.

EMBARGO: *Japan Joins Drive*

(Continued from page 1)

the country into an economic tailspin in the 1970s.

But even Japan's politically powerful industrial giants came to grudging agreement over the weekend that the country had little choice but to follow the lead of the United States and the European Community, which announced similar embargoes earlier.

Japan's action effectively leaves Iraq with no major customers for its oil among the Western allies. On Friday, Japan announced that it was freezing Kuwaiti assets here, which are variously estimated at anywhere from $14 to $25 billion, mostly in stocks.

But an embargo of oil is politically a far more delicate issue, especially in a country that measures virtually every move by how it could affect the national economy.

Some major companies in Japan still observe the Arab boycott of Israel, largely because they treasure the access to Middle Eastern oil.

Last year Japan imported more than half a million barrels of oil every day from Iraq and Kuwait, which were the country's eighth and ninth largest suppliers of oil. The United Arab Emirates was Japan's biggest supplier, providing over 20 percent of its oil, with Saudi Arabia producing 17 percent and Indonesia about 14 percent.

The Japanese government wrestled all weekend with the question of whether it was willing to risk angering one of its biggest oil suppliers in the name of Western solidarity. President George Bush called Prime Minister Toshiki Kaifu early Saturday and asked him to join the embargo of Iraqi and Kuwaiti oil.

As part of its announcement, Japan said that it will also embargo exports to Iraq and Kuwait, including light and heavy machinery. Last year exports to the two countries combined amounted to over $1.1 billion. It is also freezing economic cooperation with Iraq. Saddam Hussein's government already owes about $5 billion to Japan.

■ U.S. Official in Beijing

Lena H. Sun of The Washington Post reported from Beijing:

The announcement of Beijing's suspension of arms sales came hours after a U.S. assistant secretary of state, Richard H. Solomon, concluded eight hours of talks with Foreign Ministry officials, mostly on the Iraqi invasion.

Beijing has been one of Iraq's major arms suppliers, and the announcement was considered significant and unusual because the Chinese rarely comment on their arms sales.

Although the Soviet Union and France have been Iraq's two leading arms suppliers, China "is a good strong third," a Western diplomat said.

Afghan Rebels Kill General

Reuters

ISLAMABAD, Pakistan — Guerrillas opposing the government of Afghanistan have killed an army general in the northern province of Jowzjan, Kabul Radio said.

KUWAIT: *A Threat of Hostages*

(Continued from page 1)

that the troops were in a position to invade Saudi Arabia.

"Intelligence reports this morning do not indicate that the Iraqis are really moving out, especially along the southern border where they are pretty well dug in," Mr. Boren said in an interview on ABC television.

Iraqi Radio asserted that the first units had been seen off by representatives of the new Kuwaiti government and "a huge number of reporters." Only a very few journalists were in Kuwait at the time of the invasion, and none is known to have been able to enter since then.

In any case, the Iraqi troops are to be replaced by what is described as a new Kuwaiti "Popular Army," which, an announcer on Kuwaiti Radio, speaking Arabic with an Iraqi accent, said would be open to all nationalities.

Presumably it would include Iraqis and, perhaps, Palestinians, who make up a sizable, second-class, community in Kuwait. Iraqi Radio said Saturday that 140,000 men of its reserve force, also called the "Popular Army," had been mobilized near the border and were volunteering to "aid brethren in Kuwait."

The new provisional government of nine military officers was announced on Iraqi Radio yesterday.

■ Iraqi TV Account

Iraqi television showed columns of tanks and trucks and said they were returning home over the Kuwaiti border, news agencies reported.

Iraq's first deputy prime minister, Taha Yassin Ramadan, said the withdrawal would take "days or weeks."

Sheikh Saud Nasir al Sabah, the ambassador to Washington for Kuwait's deposed emir, said that Iraq would not pull out its forces.

"I assure you he does not intend to withdraw," he said.

Iraq declared that the provisional government it installed was capable of ensuring security in the occupied country.

Baghdad TV has said that the new government is headed by Colonel Ala Hussein Ali and that he is serving as prime minister, commander of the armed forces, minister of defense and interior minister. The other eight members were lieutenant colonels and majors.

But Kuwait's embassy in Amman, Jordan, loyal to the emir, called the new government "a list of fake names" and said Mr. Ali was Mr. Hussein's son-in-law. The Kuwaiti Embassy in Tunis said Mr. Ali worked for the Hussein administration.

An Iraqi government statement said Mr. Hussein had appointed a delegation to meet with the provisional government about a disputed oil field area along the Kuwaiti-Iraq border that Baghdad has long claimed.

A communiqué on Baghdad television said that the Free Kuwait Provisional Government, as it is called, had announced that all officers above the rank of colonel in the 20,300-man Kuwaiti armed forces had been retired.

(AP, Reuters, AFP)

TENTH EDITION FULLY UPDATED

FRENCH COMPANY HANDBOOK 1990

Now, in the 1990 completely revised and updated edition, 200 pages of indispensable information in English on a selection of 82 of the most important French companies, as well as basic facts on other major firms. Includes information on the French economy and major sectors of activity, an introduction to the Paris Bourse, and a bilingual dictionary of French financial terms.

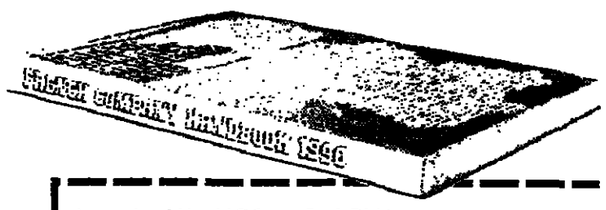
Each profile includes detailed information on: head office, management, major activities, number of employees, sales breakdown, company background, shareholders, principal French subsidiaries and holdings, foreign holdings and activities, exports, research and innovation, 1984-1988 financial performance, 1989 financial highlights and 1989/1990 important developments, strategies and trends.

Indispensable for corporate, government and banking executives, institutional investors, industrial purchasers and other decision-makers who should be more fully informed on major French companies. French Company Handbook 1990 is being sent to 8,000 selected business and financial leaders in the United States, Japan, Southeast Asia, China, the Middle East and Western Europe.

Other interested parties may purchase the Handbook at $59.50 per copy, including postage in Europe. Three or more copies, 20% reduction. Outside Europe, please add postal charges for each copy: Middle East, $4; Asia, Africa, North and South America, $7.

ACCOR
AÉROPORTS DE PARIS
AEROSPATIALE
AIR FRANCE
ATOCHEM
BANQUE INDOSUEZ
BANQUE NATIONALE DE PARIS-BNP
BANQUES POPULAIRES
BÉGHIN-SAY GROUP
BSN
GROUPE BULL
CAISSE DES DÉPÔTS ET CONSIGNATIONS
CAISSE NATIONALE DES TÉLÉCOMMUNICATIONS (CNT)
CANAL +
CAP GEMINI SOGETI
CEA-INDUSTRIE
CEGELEC (ex CGEE ALSTHOM)
C.E.P. COMMUNICATION
CGIP (COMPAGNIE GÉNÉRALE D'INDUSTRIE ET DE PARTICIPATIONS)
CGM GROUP
CHARGEURS S.A.
CLUB MÉDITERRANÉE
CMB PACKAGING (ex CARNAUD)
COGEMA
COMPAGNIE BANCAIRE
COMPAGNIE FINANCIÈRE DE CRÉDIT INDUSTRIEL ET COMMERCIAL-CIC GROUP
COMPAGNIE FINANCIÈRE DE SUEZ
COMPAGNIE GÉNÉRALE D'ÉLECTRICITÉ (CGE)
COMPAGNIE GÉNÉRALE DES EAUX
CPR-COMPAGNIE PARISIENNE DE RÉESCOMPTE
CRÉDIT AGRICOLE
CRÉDIT D'ÉQUIPEMENT DES PMS-CEPME GROUP
CRÉDIT LOCAL DE FRANCE
CRÉDIT LYONNAIS
CRÉDIT NATIONAL
DASSAULT
DOCKS DE FRANCE
ÉLECTRONIQUE SERGE DASSAULT
ELF AQUITAINE
EMC-ENTREPRISE MINÈRE ET CHIMIQUE
EPÉDA-BERTRAND FAURE
ESSILOR
FIMAGEST
FRAMATOME
GMF GROUP (GARANTIE MUTUELLE DES FONCTIONNAIRES)
GROUPE DES ASSURANCES NATIONALES (GAN)
HAVAS
IMETAL
LAFARGE COPPÉE
LEGRAND
L'ORÉAL
LVMH MOËT HENNESSY LOUIS VUITTON
LYONNAISE DES EAUX
MICHELIN
MOULINEX
PECHINEY
PERNOD RICARD
PEUGEOT S.A.
POLIET
PRINTEMPS GROUP
LA REDOUTE
RHÔNE-POULENC
SAINT-GOBAIN
SALOMON
SANOFI
SCOR S.A.
SEB GROUP
SEITA
SEMA GROUP
SGE GROUP-SOCIÉTÉ GÉNÉRALE D'ENTREPRISES
SKIS ROSSIGNOL
SUGOS
SOCIÉTÉ GÉNÉRALE
SODEXHO
SOMMER ALLIBERT
THOMSON
TOTAL
UNION DES ASSURANCES DE PARIS (UAP)
USINOR SACILOR
VALEO
VALLOUREC
VICTOIRE GROUP

Herald International Tribune
FRENCH COMPANY HANDBOOK 1990
Published by International Business Development with the International Herald Tribune



International Herald Tribune, Book Division
181 Avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France.
Please send me ..... copies of French Company Handbook 1990.

☐ Enclosed is my payment. Payment may be made in any convertible European currency at current exchange rates.
☐ Please charge to my credit card: ☐ Visa ☐ Eurocard ☐ Diners ☐ Access ☐ Amex ☐ MasterCard

CARD NUMBER _____ EXP. DATE _____
SIGNATURE _____ (necessary for credit card orders)
NAME (in block letters) _____
POSITION _____
COMPANY _____
ADDRESS _____
CITY/COUNTRY/CODE _____ 6-8-90

ESCORTS & GUIDES

INTERNATIONAL ESCORT SERVICE
Head office in New York
1841 Broadway, Ste 1000, NYC 10023
212-765-7896
MAJOR CREDIT CARDS AND CHECKS ACCEPTED

AT YOUR SERVICE
VIP ESCORT AGENCY LONDON
American Express Accepted
581 2811, 9AM-MIDNIGHT

V.I.P.
DISCREET ESCORT SERVICE
24 hours 7 days. Cards accepted
LONDON (071) 224 6429

AMSTERDAM LIBERTY ESCORT
Top Class Service. Tel: 31-20-180404. Credit Cards accepted

" LONDON PARIS EXCLUSIVE LINK "
Anne + Claire French VIP Escort Service. London (071) 351-1152

DUESSELDORF - COLOGNE + AIRSA
First Class Escort Service. Tel: 0211/ 3982764 or 0161/2214379

INTERNATIONAL CLASSIFIED
(Continued From Back Page)

ESCORTS & GUIDES

MERCEDES
V.I.P ESCORT AGENCY
9 AM TILL MIDNIGHT - 7 DAYS
MAJOR CREDIT CARDS ACCEPTED
TEL: LONDON
(071) 357 6666

THE ZOE PARTNERSHIP
Escort Service NOW IN LONDON
Europe's most sophisticated escort agency has arrived.
071 580 3192

THE ZOE PARTNERSHIP
Escort Service NOW IN LONDON
Europe's most sophisticated escort agency has arrived.
071 580 3192

MADRID SHADOWS
Escort Service
Telephone: 341-262.99.93

ZURICH AMANDA AGENCY
Highest Guide Service. Tel: ZURICH 363.08.55.

ESCORTS & GUIDES

NORDIC FAIR
ESCORTS
212-779-0588
NEW YORK

CROWN CLUB LTD
NEW YORK ESCORT SERVICE
(212) 688-2271

LONDON BRAZILIAN Escort
Service 071 724 5577/91. Open 7 days.

CHELSEA ESCORT SERVICE
51 Beauchamp Place, London SW3.
Tel: 01-584 4513 Established 15 years.

ZURICH
Caroline Escort Service 01/252 6174

ZURICH
Top Escort Service. Tel: 01/41 76 09

MUNICH 98 24 83
Lorraine High Class Escort Service

GENEVA FAVOURITE
Escort Service.
Tel: 022 / 21 97 46

ESCORTS & GUIDES

GENEVA " MELODIE
ESCORT SERVICE. Tel 022/46 11 58

ZURICH SUSAN
ESCORT SERVICE. Tel: 01/382 05 90

TOKYO*** FIRST CLASS*** ESCORT
*** MEMBERSHIP ***
*** SERVICE ***
*** TEL. 351-2278 ***

MADRID IMPACT ESCORT and Guide Service. Multilingual. Vers. Open 11am - midnight. Tel: 261 4142

" ZURICH - DOMINA LADY JANE
Escort Service *** Credit cards.
Tel: 01 / 202 73 59.

DIONI UNIQUE Escort Service.
Now in London.
Tel 071 289 2379.

" NATASHA " LONDON "
Exclusive Continental Escort Service.
Tel: 071-730-0405 / 0831-169910.

LONDON EUROPEAN
PRIVATE SOPHISTICATED ESCORT SERVICE 071 381 0199.

ORIENT JAPANESE CHINESE THAI
Escort service. Days and evenings.
Please phone 071 225 3314 London.

ZEBRA ESCORT SERVICE
Escorts for all occasions.
Tel: London 081 - 741 - 2489.

DUESSELDORF - COLOGNE
"Penthouse" High Class Escort Service.
THE BEST IN TOWN. 0211/49 16 33.

ESCORTS & GUIDES

***** FRANKFURT *****
Princess Escort Service, 7 days.
Tel: 069 / 666 25 64.

BRUSSELS. CATHY Escort Service. Tel: (02) 734-1586 or (02) 733-8321 or (010) 867150. Credit cards accepted.

LONDON GEISHA ESCORT SERVICE
For Oriental, Chinese, Japanese + Executives. Tel: 370 5952.

MILAN & LUGANO EXCLUSIVE ****
Multilingual Escort Service. Tel: (39-2) 58305713.

LONDON LACE ESCORT SERVICE
Malaysians, Chinese, Thai.
London 071 373 7275 - 24 hours

DUESSELDORF - COLOGNE. Private Exclusive Escort and Guide Service. Tel: 0211/ 61 35 66.

DUESSELDORF AREA
Extraordinary Escort Service
7 days - 0211-591947

*** GENEVA DANY ESCORT ***
and Guide Service. Tel: Geneva 022 / 735 68 23.

FRANKFURT * PRIVATE *
Sophisticated Escort Service.
Call: 069/444 798.

GENEVA FIRST CLASS
Escort Service.
Tel: 022 / 735 12 67.

GENEVA STEPHANIE ESCORT
service - 15 rue Crespin, 2nd floor, Apartment 23 - 3pm-7pm

FRANKFURT - NEW
EVA'S ESCORT AND TRAVEL SERVICE
Tel: 069 / 597 66 66 - (seven days).

* * * MUNICH * * * 91 23 14
ESCORT & GUIDE AGENCY.
THE FRIENDLY SERVICE.

GENEVA " ROYAL " GENEVA
** VIP ESCORT SERVICE **
OPEN 7 DAYS. Tel: 022/781 27 72.

ZURICH NEW
High class Escort Service.
Tel: 077 / 63 88 32.

FOR SENDING MESSAGES

Herald Tribune INTERNATIONAL

BUSINESS/FINANCE

** MONDAY, AUGUST 6, 1990

AND RECEIVING THEM
In Touch with Tomorrow
TOSHIBA

EUROBONDS

Gulf Action Buoys Dollar, But Only in Short Run

By John J. Duffy
International Herald Tribune

PARIS — Although the initial reaction of investors to the Iraqi invasion of Kuwait has been to buy the dollar, in the long run the move will only serve to accelerate the U.S. currency's slide and increase the reluctance of foreign investors to buy U.S. Treasury bonds, analysts said.

With the balance of power in the Organization of Petroleum Exporting Countries having swung decisively away from Saudi Arabia to the more hawkish camp led by Iraq and Iran, higher oil prices are inevitable, analysts said. With demand in the West holding firm, prices could well settle at or above the new OPEC target price of $21 per barrel.

The effect on industrial countries will be higher inflation and slower growth. In West Germany and Japan, both of which are wholly dependent on foreign oil and already beset with inflation pressures, the result will be to push forward the next upward move in interest rates.

U.S. Treasury bonds have done worse than those of most countries.

"We would expect about a half of a percentage point to be added to the inflation rates of major countries because of more expensive oil," said John Calverley, an economist at American Express Bank in London. "That makes it much more likely that West Germany and Japan will raise rates."

In the United States, however, higher oil prices are seen by many analysts as the final blow, tipping an already slumping American economy over the brink into recession.

"To the extent that the Federal Reserve is unwilling or unable to ease, the American economy will weaken further," said J. Paul Horne, international economist at Smith Barney, Harris Upham & Co. in Paris. "One way or another, interest rates will come down."

Any doubt about the fragility of the U.S. economy was dispelled Friday when the government reported that the unemployment rate jumped to 5.5 percent in July, the highest in two years.

The shift in the OPEC power structure is thus expected to ultimately reinforce the widening trend in interest-rate differentials that has already hurt the U.S. currency and driven foreign investors from the U.S. Treasury bond market.

THE U.S. TREASURY is scheduled to sell a record $32.25 billion of three- and 10-year notes and 30-year bonds Tuesday, Wednesday and Thursday to help refinance the federal deficit. But with West German short-term and long-term rates above U.S. levels, and with the spread between Japanese and U.S. rates narrowing rapidly, analysts said that neither the dollar nor U.S. bonds are particularly attractive to foreign investors right now.

Mr. Horne said he expected the dollar to weaken to 1.50 Deutsche marks and 135 yen before the end of the year. The dollar closed Friday at 1.5855 DM and 149.4 yen.

That scenario means long-term trouble for the U.S. Treasury, which has announced that it will need to borrow $63 billion in the current quarter and as much as $100 billion in the fourth quarter in order to meet government obligations.

Japanese investors, who have bailed out the Treasury in the past with their massive purchases of U.S. bonds, are not expected to be nearly as acquisitive in the months ahead.

"There has been a move away from the U.S. Treasury bond market, particularly by the Japanese," said George Magnus, international economist at Warburg Securities in London. "Japanese institutions have been short of cash flows, they have been leaving more of it at home and diversifying into Europe," he said.

Japanese and other international investors, who move funds quickly between among bond markets seeking the best performance, could not help but be discouraged by the U.S. market in the first seven months of 1990.

Of the 11 national markets tracked by the J.P. Morgan & Co. government bond index monitor, the U.S. Treasury market posted the third-worst performance, returning only 3.49 percent.

The meager U.S. bond market performance compared with total returns — in U.S. dollar terms — of 14.46 percent in France, 16.71 percent in Britain, 19.79 percent in Italy and 21.69 percent in Spain.

The only European bond markets not to post double-digit returns in the seven-month period were West Germany and the Netherlands. The only markets performing more poorly than the United States were Canada and Japan.

The high returns stem in part from the gains made by European currencies against the dollar. Interest rates in countries like Britain have also eased while remaining well above U.S. rates.

Mr. Magnus said that the drag on U.S. growth caused by higher oil prices will also further complicate negotiations between the White House and Congress to reduce the federal budget deficit. The failure of those efforts to bear fruit may keep long-term U.S. rates high even as short-term rates fall, he said.

CURRENCY RATES

Cross Rates

Aug. 3

	$	£	DM	F.F.	Lire	D.Fl	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.7145	3.2240	1.1267	0.3382	0.154 *	—	5.481 *	1.3286	1.2971 *	1.5555	1.231 *
Brussels	31.77	60.215	0.5681	4.337	2.8499 *	18.251	—	24.2225	0.7172	28.43	22.828*
Frankfurt	1.3938	2.637	—	0.2984	0.1357 *	0.8876	4.364 *	1.1779	1.0445 *	1.2822	1.025 *
London (a)	1.889	—	2.3565	0.9163	2.344.98	3.3333	60.245	2.509	227.455	2.74	181.48
Madrid	104.022	192.84	61.52	18.254	8.488 *	54.895	2.9925	72.49	65.615 *	85.08	—
Milan	1,744.38	2,164.40	721.78	218.28	—	649.53	35.59	862.97	7.869	1,078.19	11.892
New York (b)	—	1.8888 a	1.3955	3.3725	1,161.30	1.7386	32.695	1.3455	149.48	1.3388	97.885
Paris	5.3265	9.9165	2.9588	—	3.4581 *	2.9725	6.168	2.949	2.5765 *	4.431	3.448 *
Tokyo	149.81	277.65	92.84	28.82	0.1284	83.29	4.5699	118.63	—	130.28	1.5362
Toronto	1.1508	2.1354	0.7729	0.2328	0.098 *	0.6428	3.52 *	0.8529	0.7676 *	—	1.174 *
Zurich	1.3935	2.5845	0.8404	0.2531	0.1102 *	0.7557	4.2195 *	—	0.8913 *	1.1681	1.3889*
1 ECU	1.2992	0.6976	2.2657	0.7312	1.503.83	2.2284	40.5198	1.2532	193.773	1.4965	127.377
1 SDR	1.363	0.7347	2.1724	0.7237	1,589.42	2.3459	44.6665	1.3441	204.314	N.A.	135.618

Closings in London and Zurich. Rates in other centers; New York closing rates, Toronto rates at 3 p.m.
*a. To buy one pound; b: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. austral	3560.2	Greek drac.	155.55	Mex. peso	2665.00	S. Afr. rand	2.586
Austral. $	1.2786	Hong Kong $	7.765	N. Zealand $	1.6793	Soviet ruble*	0.5817
Austr. schill.	11.19	Indian rupee	17.422	Norw. krone	6.1665	Swed. krona	5.8365
Brazil cruz.	78.72	Indo. rupiah	1852.82	Phil. peso	23.88	Taiwan $	26.79
Chinese yuan*	4.72	Irish £	0.5919	Port. escudo	148.15	Thai baht	25.54
Danish krone	6.6745	Israeli shek.	2.81	Saudi rival	3.75	Turkish lira	2635.24
Egypt. pound	2.7084	Kuwaiti dinar	0.2893	Sing. $	1.808	UAE dirham	3.672
Fin. markka	3.728	Malay. ring.	2.699	S. Kor. won	714.30	Venez. bolív.	49.22

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.8813	1.8764	1.8708	Canadian dollar	1.1564	1.1615	1.1659
Japanese yen	148.42	148.61	148.58	Swiss franc	1.5459	1.5428	1.5416
Deutsche mark	1.5875	1.5868	1.5862				

Sources: Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR); Gosbank (ruble). Other data from Reuters and AP.

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes

	Aug. 3	July 27	Chge
United States			
DJ Indus.	2,809.65	2,898.51	—3.07 %
DJ Util.	209.70	203.35	+3.12 %
DJ Trans.	1,039.05	1,134.67	—8.43 %
S & P 100	328.57	338.26	—2.87 %
S & P 500	334.86	353.44	—5.26 %
S & P Ind	407.86	418.84	—2.63 %
NYSE Cp	188.83	193.32	—2.32 %
Britain			
FTSE 100	2,284.60	2,330.10	—1.95 %
FT 30	1,792.30	1,842.90	—2.69 %
Japan			
Nikkei 225	29,656	30,843	—3.91 %
West Germany			
DAX	1,848.94	1,919.21	—4.11 %
Hong Kong			
Hang Seng	3,356.95	3,485.80	—3.70 %
World			
MSCI P	511.18	519.80	—1.67 %

World Index From Morgan Stanley Capital Int'l

Money Rates

	Aug. 3	July 27
United States		
Discount rate	7.00	7.00
Federal funds rate	8.00	8.00
Prime rate	10.00	10.00
Japan		
Discount	5¼	5¼
Call money	7⅛	7 7/16
3-month interbank	7 21/32	7 21/32
West Germany		
Lombard	8.00	8.00
Call money	8.10	7.95
3-month interbank	8.40	8.20
Britain		
Bank base rate	15.00	15.00
Call money	15.00	14 15/16
3-month interbank	15.00	15.00
	Aug. 3	July 27 Chge
Gold		
London p.m. fix $	379.00	366.75 +3.34 %

North Sea Unlikely to Fill Iraq-Kuwait Oil Gap

By Steven Prokesch
New York Times Service

LONDON — Oil-consuming nations in need of supplies to replace oil from Iraq and Kuwait will not be able to look for much help to the North Sea, which last year accounted for 5.4 percent of world production, oil companies say.

Developments in the British sector, the largest producing area of the North Sea, have cut production substantially and could make it difficult to put idle capacity back into operation.

Due to new operations in the Norwegian sector of the North Sea, production in that sector rose 32.2 percent last year, to an average of 1.5 million barrels a day, or 2.4 percent of world production. And it is expected to rise an additional 11 percent, to an average of 1.7 million barrels, this year, according to Statoil, Norway's state-owned oil company.

Production in the British sector has dropped significantly in recent years and is down even more now because of maintenance and construction work that is scheduled to continue until October. As a result, British production could not be quickly increased, according to British Petroleum Co. and Royal Dutch/Shell Group, the two biggest producers in the area.

In addition, the industry is experiencing labor unrest among contract workers who perform maintenance, construction, catering and cleaning on the platforms in the British sector. There was a one-day strike involving at least 3,000 of these workers on Thursday, and a second strike involving at least 1,000 — and possibly as many as 8,000 — began Sunday.

Shell and British Petroleum spokesmen say the strikes have not affected their production and note that the platforms most affected are those that are not producing. But the unrest could possibly make it more difficult to get those platforms producing if necessary, industry officials said.

According to BP, British oil production in the North Sea peaked in 1986 at an average of nearly 2.7 million barrels a day, and has declined since then to an average of 1.9 million barrels a day in 1989, or 3 percent of world production.

Production in the past two years has been disrupted by accidents and safety problems, including the explosion at the Piper Alpha platform in July 1988.

New Fall In Stocks Feared

Markets Girding For Oil Shocks

Compiled by Our Staff From Dispatches

World financial markets are expected to weaken further on Monday as traders and analysts adjust investment strategies to account for significantly higher oil prices.

In an example of what may be in store, share prices on the Tel Aviv Stock Exchange — one of the few bourses open on Sunday — plunged by 7.57 percent, the biggest one-day fall in seven years, a spokeswoman said.

Gulf markets also remained highly nervous on Sunday and some Arab banks were reportedly finding it harder to raise funds on international markets.

Major world stock markets slid last week. Page 11.

But Gulf bank dealers and managers said there was no sign of panic and they predicted no large-scale flight of capital from the region unless violence spilled over Kuwait's borders.

Oil prices closed Friday in New York at $24.40 per barrel and many analyst were adjusting strategies with the expectation that oil might remain near the $25-per-barrel mark.

Keith Skeoch, international economist at James Capel & Co. in London, said that with a $25-per-barrel price for oil, inflation in the United States, Japan, West Germany, Britain, France, Italy and Canada could be 0.5 of a percentage point higher in the next year.

And economic growth could be cut by as much as 0.4 percentage point from what it might have been.

For the United States and Britain, whose economies could be near the brink of a recession already, this is not comforting.

Guy Rigdon, director of strategy at UBS/Phillips & Drew in London, said he expected interest rates in Europe will be pushed up about half of a percentage point.

And in Japan, he said, the oil-price rise will ensure that the Bank of Japan will raise the official discount rate, now 5.25 percent, and keep interest rates higher longer.

He estimated that, based on this rise in interest rates, Tokyo's Nikkei 225 index, which fell 4.4 percent last week to close at 29,515.76, should drop below 28,000, the low it reached during the market collapse in the first quarter of the year.

In Europe, he said, major stock markets could fall 10 percent to 20 percent further before touching bottom.

Oil traders, meanwhile, predicted a new jump in prices on Monday in response to unabated tension in the Gulf and a widening boycott of Iraqi petroleum exports.

The European Community and Japan followed the United States over the weekend in embargoing oil purchases from Iraq and Iraqi-held Kuwait to try to put Baghdad's debt-laden economy in a vice.

The United States apparently also wants Turkey and Saudi Arabia to be ready to shut pipelines across their territories, which carry most Iraqi oil.

Some oil executives said Turkey, which is a member of NATO, might overcome its earlier objections to closing the pipeline if mandatory United Nations sanctions are applied. Saudi Arabia has not said publicly what it might do.

Barring a breakthrough in the crisis, traders thought that markets reopening on Monday may continue a spiral that has already taken the oil price up by one-third.

Traders say a jittery market fears Iraq may yet swoop on the Saudi oil fields and thinks shortages likely if the West succeeds in throttling Iraqi and Kuwaiti supply.

Before the crisis, the United States, the European Community and Japan together were buying 1.7 million barrels per day of Iraq's exports of about 2.7 million barrels.

Geoff Pyne, an energy economist with UBS/Phillips & Drew, said the latest embargoes will still let some Iraqi oil get to nations such as Brazil, India and South Africa.

(AP, Reuters, NYT)

Fiat Looks East for Growth

By Steven Greenhouse
New York Times Service

TYCHY, Poland — Francesco Gallo, director of international operations for Fiat SpA, had the proud and worried look of an expectant father as he paced through the half-finished $1.3 billion assembly plant that Fiat is helping build here amid southern Poland's fields of hay and corn.

Mr. Gallo hopes that by next spring, assuming that Fiat can overcome such common Eastern European problems as parts shortages and a snail-like work pace, the new plant will begin producing 160,000 sprightly subcompacts a year.

As Fiat's point man for Eastern Europe, Mr. Gallo is in a pivotal position because his company has the most ambitious expansion plans for Eastern Europe of any Western corporation.

In the high-stakes competition to sell cars to the 420 million people in the fragmenting Soviet bloc, Fiat is pushing ahead with local partners on huge projects in Poland, Yugoslavia and the Soviet Union that involve $8 billion in investment and are expected to produce more than 1.2 million cars a year — more than the Soviet Union's output.

Fiat has been busy forming joint ventures, taking equity positions and committing some of its best managers to the effort.

"Eastern Europe will be the market with the greatest expansion over the next few years," said Mr. Gallo, during a pause in one of his whirlwind, once-a-month visits to check on Fiat's progress in Poland.

"We don't have to wait for demand to increase. There is already huge pent-up demand," he said.

Fiat, which has licensed designs and provided production expertise to Eastern European automakers for decades, is vastly increasing its role now because it expects the region to develop quickly in the wake of communism's collapse.

"It's clear that Fiat has been the most aggressive," said Stephen Reitman, automobile analyst with UBS/Phillips & Drew in London. "Fiat has a lot of products that match the aspirations of these developing markets."

Mr. Gallo predicts that car sales in Eastern Europe, about 2.4 million units last year, will double within five years.

Indeed, some auto executives see the market swelling to 7 million cars a year by the end of the decade, which would represent more than half the annual sales in the United States or Western Europe.

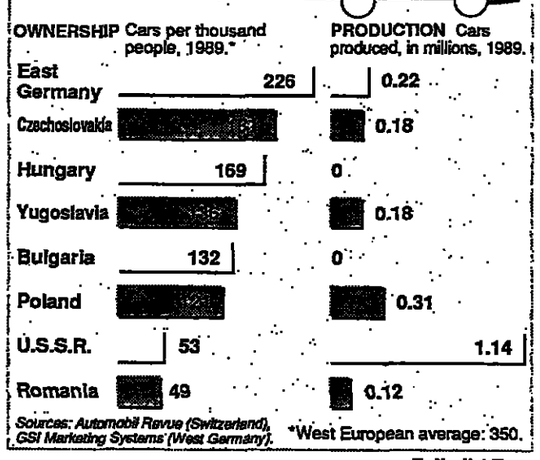
Expanding into Eastern Europe is a central part of Fiat's strategy because Western Europe's auto market promises to grow far more competitive as quotas on Japanese cars are phased out this decade — a development that could hurt Fiat, Italy's largest industrial group, more than other automakers given Italy's strong quotas.

The Turin-based automaker is riding high now, with a record $2.8 billion in earnings on revenue of

See FIAT, Page 11

East Europeans And Their Cars





The New York Times

U.S. Support for East Europe Bank Faces Threat

By Clyde H. Farnsworth
New York Times Service

WASHINGTON — U.S. support for a new lending organization intended to be the main conduit for assistance to Eastern Europe could be cut off by a dispute between Washington and the organization's management, Bush administration officials have warned.

Financing for the $12 billion European Bank for Reconstruction & Development was already in trouble in Congress before a new conflict arose over efforts of the bank's newly appointed French president to centralize personal authority and curb oversight powers of the board.

Now White House officials say they may have to reconsider U.S. participation.

Without an administration push, it is unlikely that Congress would approve the United States' first-year contribution of $70 million, both administration and congressional aides said.

"This is causing us great consternation," according to one administration official, who asked not to be identified.

Among the points at issue are the intention of the bank's chief executive, Jacques Attali, to establish field or branch offices of the bank, which U.S. officials believe could lead to imprudent lending, and the failure of the bank so far to name an American as the No. 2 executive, which had been the understanding when the bank was formed.

The bank, established under a treaty signed by 40 nations on May 29, represents one of the most important international aid initiatives since the end of World War II.

It would provide capital and technical advice to entrepreneurs in Poland, Hungary, Czechoslovakia and other Eastern European countries to help those countries get on their feet and rebuild their private sectors.

Although the United States would become the largest individual shareholder with 10 percent of the capital, the European Community holds more than 50 percent of the stock, which would permit that group to easily outvote the United States on major issues.

The European bank, based in London, is the first of the major international lending institutions in which the United States does not have the power to block important decisions.

But the United States is not alone in protesting some of the new policies of Mr. Attali, a 46-year-old former professor and a friend of President François Mitterrand of France.

At a meeting of stockholders and the management on July 18 and 19 in London, even other European delegates were "taken aback by the attitude of Attali," said one non-U.S. official familiar with the meeting, who asked not to be identified.

"The centralization of personal authority and the two-year deferral of resident executive directors represent implicit assaults against Washington, Bonn and Tokyo," said Representative Jim Leach of Iowa, one of the most influential Republicans on the House Banking Committee, who has also followed the developments.

Other multilateral lending institutions, like the World Bank and the International Monetary Fund, have executive directors representing member governments who meet with the management several times a week.

Mr. Attali told the July meeting that he saw no need for such oversight for the next two years. A U.S. official said that was "completely unacceptable."

Efforts to talk with Mr. Attali were unsuccessful.

Soviets See Benefits to IMF Entry

Reuters

MOSCOW — The Soviet Union could get credits of up to $12 billion over three years to help its economic reforms if it joins the International Monetary Fund, a state banking official said in a newspaper interview on Sunday.

Viktor Rakov, chief currency expert at the central state bank, Gosbank, told Izvestia that IMF membership could also bring discipline to the economy as it switched to a market system.

Mr. Rakov, who took part in talks last week with the IMF's managing director, Michel Camdessus, said Moscow would probably have to transfer about $1 billion to the IMF if it joined.

"Contrary to false statements, however, the U.S.S.R.'s entry into the IMF would not automatically mean a net outlay of foreign currency," he said. Payments to the IMF "would in principle give us the right over the course of three years to receive various credits worth $10 to $12 billion."

The IMF has set up a group to study the Soviet economy and consider questions of Soviet participation. The independent Soviet economic journal Kommersant said Sunday that Moscow might apply to join the 151-member association next year.

Mr. Rakov said many local Soviet authorities had demanded large amounts of foreign currency from central Soviet reserves for projects but were ill-prepared to use the money effectively and pay it back. Bureaucracies too often interfered.

U.S. Better Able to Weather Higher Oil Prices

By John M. Berry
Washington Post Service

WASHINGTON — When Royce Drake of Alexandria, Virginia, headed north Saturday for a week at a sculling camp in Vermont, the Iraqi invasion of Kuwait began to cost him money. Like millions of his vacationing counterparts across the United States, Mr. Drake paid more than he would have a few days ago each time he pulled into a service station for gasoline.

The added cost for the 1,500 miles (2,400 kilometers) Mr. Drake planned to drive while he is gone will not be much, probably only about $5 or $6, based on the increases in pump prices so far. That amount is only a tiny addition to the cost of his vacation, but it will be $5 he cannot spend on something else.

Multiply that $5 or $6 by the huge number of other motorists on the road during America's peak driving season, and the impact of higher gasoline prices, and all the small purchases perhaps not made as a result, begins to take shape.

With the U.S. economy already virtually stagnant, that shape may turn out to be one of recession.

But even if world crude oil prices stick close to $25 a barrel, about where they were on Friday, there appeared to be little likelihood that any slump in the economy would approach the severity of the one that followed the first oil price shock in 1973, or the one that ultimately followed the second price shock in 1979.

[The economist Charles Schultze said Sunday that Iraq's invasion of Kuwait could set off a "mild recession" in the United States but would not lead to severe oil shortages, Associated Press reported.

But Mr. Schultze, chairman of the Council of Economic Advisers during the Carter administration, said the situation would be far worse if Iraq comes to dominate world oil markets.]

Both of the earlier price shocks hit the United States at a time when the economy was gripped by inflationary booms. The impact of rising energy prices also was magnified on both those occasions by soaring food prices.

In contrast, this time the economy seems to have been slowly coasting to a stop rather than being in a boom, although the civilian unemployment rate, even after the July rise to 5.5 percent reported Friday, has been at levels most economists regard as full employment.

Energy is less important to the economy than it used to be, a government analyst said. There is more flexibility and business knowledge about how to handle a big increase in the price of oil.

Most important, there is no large overhang of unsold goods on businesses' shelves that is likely to mean big cuts in future factory production schedules. The buildup of unwanted inventories, and the production cutbacks to get rid of them, have usually been the key to the severity of U.S. recessions.

Nevertheless, each $1-per-barrel increase in crude oil prices costs U.S. oil users about $6 billion a year.

What is more, as oil prices go up, so does the cost of other forms of energy such as natural gas and coal, although not necessarily by as much and usually only after a lag. Still, those increases magnify the impact of higher oil costs.

Altogether, the short-term depressing effect of an increase in oil prices of $5 or $6 a barrel is probably on the order of $50 billion or more, or about 1 percent of the gross national product.

This prospect poses an acute problem for the government, which has been trying to strike a deal with congressional leaders to reduce future federal budget deficits, and for the Federal Reserve Board, which will have to decide how to respond to the simultaneous threat of recession and worsening inflation.

Since any attempt to cut federal spending and raise taxes would also tend to depress the economy, the already difficult chore of striking a budget agreement could become even harder to achieve if oil prices stay high.

One congressional source close to the negotiations suggested that it might be appropriate to change the "configuration" of the planned deficit reduction by having less of it in fiscal 1991, when the impact of higher oil prices is being felt keenly, and more of it in later years.

The administration is counting on the Fed to cut interest rates to offset any significant tightening of fiscal policy, and the Fed chairman, Alan Greenspan, has indicated that the central bank will do so. But the Fed has far more influence over short-term rates than long-term rates, and if investors balk, there is little it can do.

With oil prices surging, the whole exercise is much more complicated from the Fed's point of view. If the Fed tries to lower short-term rates significantly to offset recessionary pressures just as inflation is getting worse, investors might decide that the central bank was giving up on its long-running fight to control inflation.

On the other hand, officials at the central bank have been carefully trying to avoid a recession, partly out of fear of what a downturn could do to debt-laden businesses and the sometimes shaky banks that have lent to them. The oil price increases just make those concerns more acute.

The question is whether investors believe that the Fed's longer-term goal would still be to reduce inflation even if it eases rates to deal with a shorter-term problem.

"It comes back quickly to what

See ENERGY, Page 9

AN AMERICAN NEWSPAPER IN PARIS

James Gordon Bennett and the New York Herald
A special exhibition
on the history and legends of the newspaper
which has become today's
International Herald Tribune.
"...a delightful look at Belle Epoque Paris."
Associated Press
Every day except Monday, through Sept. 30.
Musée d'Orsay, Paris.

TRANSPACIFIC FUND
Société Anonyme
Siège social : Luxembourg 14, rue Aldringen
Registre de Commerce : Luxembourg Section B n° 8576

DIVIDEND ANNOUNCEMENT

The shareholders are hereby informed that the Annual General Meeting of July 31st, 1990 has approved the payment of a dividend of:

JPY 150 per share

The shares are quoted ex-dividend as from August 1st, 1990 and the dividend will be payable as from August 1st, 1990 against presentation of coupon n° 19 at the following banks:

— Banque de Neuflize, Schlumberger, Mallet, 3, avenue Hoche, 75008 Paris.
— Algemene Bank, Nederlands N.V., 32, Vijzelstraat, Amsterdam.
— Bank Mees and Hope N.V., 548, Herengracht, Amsterdam C.
— Banque Générale du Luxembourg, 14, rue Aldringen, Luxembourg.
— Société Bancaire Barclays (Suisse) S.A., 2, boulevard du Théâtre, Genève.

The Board of Directors.

LLOYDS INTERNATIONAL SMALLER COMPANIES FUND
SICAV
Luxembourg, 11, rue Aldringen
R.C. Luxembourg No B 7635

Notice of Extraordinary General Meeting

Messrs Shareholders are hereby convened to attend the Extraordinary General Meeting which will be held on August 23, 1990 at 11.00 a.m. at the registered office with the following agenda:

Agenda

1. Change of the name of the Company.
2. Amendment of the Articles of Incorporation in order to satisfy the requirement of the law of March 30, 1988 regarding Undertakings for Collective Investment.
3. Amendment of the Articles of Incorporation to take account of changes to the law of August 10, 1915 as amended.
4. Transfer of the registered office.

The Shareholders are advised that no quorum is required for item 4 of the agenda of the Extraordinary General Meeting and that the decision will be taken at the majority of the shares present or represented at the Meeting.

For items 1 to 3, resolutions to be passed require a quorum of one half of the shares outstanding and a majority of two thirds of the shares present or represented.

By order of the Board of Directors

WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Securities, London, Tel: 01 383 11 30. Prices may vary according to market conditions and other factors. August 3

Dollar Straights

Issuer | Cpn | Mat | Price | Yld | Spd

Governments/ Supranationals

Banks & Finance

Global Corporates

Floating Rate Notes

Issuer | Cpn | Mat | Price | Yld | Spd

Dollars

Issuer | Cpn | Mat | Price | Yld | Spd

Third World

Issuer | Cpn | Mat | Price | Yld | Spd

Dollar Zeros

Issuer | Mat | Price | Yld | Spd

Deutsche Marks

Issuer | Cpn | Mat | Price | Yld | Spd

Ecus

Issuer | Cpn | Mat | Price | Yld | Spd

Pounds

Issuer | Cpn | Mat | Price | Yld | Spd

MUTUAL FUNDS

Figures as of close of trading Friday, August 3.

NEW YORK (AP)—

New International Bond Issues

Compiled by Laurence Desvilettes

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
Floating Rate Notes						
ASLK-CGER ffico	$ 85	2000	0.425	100	—	Over 6-month Libor. Callable at par in 1995. Fees 0.25%. Denominations $10,000. (Sumitomo Finance Int'l.)
CMS 5	£250	2027	¼	100	—	Over 3-month Libor for the first 10 years and 0.50% over thereafter. Average life 4½ years. Fees 0.25%. Denominations £10,000. (S.G. Warburg Securities.)
National Australia Bank	£ 150	2000	0.35	100	—	Over 3-month Libor. Variable rate notes, with fallback rates of 0.65% over Libor until 1995 and of 0.75% over thereafter. Noncallable. Fees not disclosed. Denominations £100,000. (Salomon Brothers Int'l.)
Fixed-Coupons						
Hungarian State Development Institute	$200	2000	10½	99.60	99.35	Noncallable. Fees 0.50%. Guaranteed by the World Bank. (Daiwa Europe.)
Baden-Wuerttemberg	DM 300	1996	9½	100	—	Interest will be 9½% in the first 2 years and 15¼% less 6-month Fibor thereafter. Noncallable. Fees 0.30%. (Trinkaus & Burkhardt.)
Alliance & Leicester Building Society	£ 75	1999	13¼	101.40	—	Noncallable. Fees 2%. (J.P. Morgan Securities.)
Crédit Lyonnais	FF 1,000	1995	10	101.60	98.75	Noncallable. Fees 1⅞%. (Crédit Lyonnais.)
Unilever	FF 1,000	1997	9⅝	101.40	97.90	Noncallable. Fees 1⅞%. (BNP Capital Markets.)
Abbey National Treasury Services	ECU 150	1995	10⅛	101⅞	99.93	Noncallable. Fees 1⅞%. (Swiss Bank Corp.)
Crédit Foncier de France	ECU 150	1999	9⅝	98.97	95.85	Noncallable. Fees 2%. (Société Générale.)
Eutelsat	ECU 100	1992	10	101⅛	99.78	Noncallable. Fees 1⅛%. (Dresdner Bank.)
Chase Manhattan Bank Luxembourg	C$ 200	1995	10½	101½	—	Semiannually. Noncallable. Fees 1⅞%. Denominations C$1 million. (Merrill Lynch Int'l.)
Chase Manhattan Bank Luxembourg	C$ 200	2000	10½	102⅝	—	Semiannually. Noncallable. Fees 2%. Denominations C$1 million. (Merrill Lynch Int'l.)
GMAC Canada	C$ 125	1995	11⅞	101¼	99.75	Noncallable. Fees 1⅞%. (ScotiaMcLeod.)
Eksportfinans	Au$ 100	1993	14½	101.95	100.60	Noncallable. Fees 1½%. (Westpac Banking.)
Banque Nationale de Paris	NZ$ 50	1994	13⅝	102	99.75	Noncallable. Fees 1⅛%. (Hambros Bank.)
State Bank of New South Wales	NZ$ 50	1993	14	102	100.63	Noncallable. Fees 1⅛%. (Fay, Richwhite.)
Telecom of New Zealand Overseas Finance	NZ$ 75	1993	13½	101.80	99.80	Noncallable. Fees 1⅛%. Increased from NZ$60 million. (Kreditbank.)
Elkraft Power	Y 10,000	1993	7½	101⅜	—	Noncallable. Fees 1⅜%. Denominations 10 million yen. (Sanwa Int'l.)
Sharp Int'l Finance	Y 10,000	1994	7⅝	101½	—	Noncallable. Fees 1⅝%. (Daiwa Europe.)
Skopbank	Y 7,000	1992	7½	100	—	Noncallable. Fees 1¼%. (Sanwa Int'l.)
Equity-Linked						
Nachi-Fujikoshi	$150	1994	4⅝	100	104.75	Noncallable. Each $10,000 note with two warrants exercisable into company's shares at 964 yen per share and at 150.15 yen per dollar. Fees 2⅛%. (Yamaichi Int'l Europe.)
Ricoh	$300	1994	4⅛	100	103.75	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 1,025 yen per share and at 148.70 yen per dollar. Fees 2⅛%. (Nomura Int'l.)
Toyo Sash	$150	1994	4⅝	100	107.50	Noncallable. Each $10,000 note with 2 warrants exercisable into company's shares at 5,863 yen per share and at 148.10 yen per dollar. Fees 2⅛%. (Nomura Int'l.)
Toyo Sash	$150	1997	5½	100	101.50	Noncallable. Each $10,000 note with 2 warrants exercisable into company's shares at 5,863 yen per share and at 148.10 yen per dollar. Fees 2⅛%. (Nomura Int'l.)
Yuken Kogyo	$ 60	1994	5⅛	100	104.50	Noncallable. Each $5,000 note with one warrant exercisable into company's shares at 1,179 yen per share and at 148.70 yen per dollar. Fees 2⅛%. (Daiwa Europe.)
Deutsche Genossenschaftsbank	DM 250	1995	3½	100	—	Noncallable. Each 1,000-mark note with 2 warrants, each exercisable into one BHF share at 510 marks per share. Fees 2⅛%. (DG Bank.)

Bonds Tumble on Rising Oil Price Fears

Compiled by Our Staff From Dispatches

NEW YORK — U.S. Treasury bond prices fell last week as worries over a sharp rise in oil prices overshadowed a report showing a significant weakening in the economy.

Analysts said the market had the makings of a major rally when the government reported Friday that the unemployment rate rose to a two-year high of 5.5 percent in July.

But they said the market feared that Iraq's invasion of Kuwait could result in permanently higher oil prices and worried that the Federal Reserve Board would have to put an easing of credit policy on hold for the time being.

"I think the employment number had a very marginal effect on the market," said David Hale, Kemper Financial Services' chief economist. "It's the Middle East that matters and the Middle East is changing by the hour."

The benchmark Treasury 30-year bond, the 8¾ of 2020, closed Friday at 102 03/32 to yield 8.54 percent, down in price from 102 28/32 to yield 8.48 percent a week earlier.

But many analysts said that the Fed, faced with risks of oil-induced inflation and recession, will eventually move to ward off a downturn in the economy.

"The Fed's going to ease," said Joseph Liro, vice president at S.G. Warburg & Co. "The case is clear,

U.S. CREDIT MARKETS

the economy needs help," he said.

The July employment report showed that nonfarm payroll jobs fell by 219,000 in July, and dropped 57,000 excluding census workers. The declines were much more severe than the market expected.

"The risk of recession is more important in a trade-off between inflation," Mr. Liro said.

The clearest signal of an easing would be if the Fed adds reserves aggressively to the banking system through overnight system repurchase agreements, economists said.

Any easing would show up as a quarter-point drop in the federal funds rate to 7.75 percent, economists said. The Fed last eased on July 13 when funds fell to 8 percent from 8.25 percent.

The Iraqi invasion of Kuwait boosted oil prices from about $20 a barrel to nearly $25 a barrel last week. Economists said the price increase could drive the U.S. inflation rate up appreciably this year.

Bond prices decline on fears of inflation, which cuts into the fixed return on the instruments — especially on long-term bonds.

Yet Roger Brinner, economist at DRI/McGraw-Hill in Lexington, Massachusetts, said the inflation fears were exaggerated: "I hope these bond traders remember they are buying 10-year and 30-year bonds, not 10-day and 30-day bonds."

Richard Berner, economist at Salomon Brothers Inc., agreed that the economic risk appeared to outweigh the inflation risk.

The Fed's perceived leaning toward easier credit "may turn soon to action again," he said.

Mr. Berner said that the Fed chairman Alan Greenspan is "powerless to fight oil price hikes and can only decide how much to cushion the loss of income" consumers will suffer. He estimated oil price increases could trim 0.5 percent off the feeble U.S. growth rate.

Market participants this week are likely to focus on the forthcoming Treasury refunding and congressional efforts to raise the federal debt ceiling.

Congress must pass a U.S. debt limit increase by early Monday for the Treasury to hold its $32.25 billion auctions of three- and 10-year notes and 30-year bonds this week, economists said. Most analysts expect a measure to raise the debt ceiling will be passed in time for next week's auctions.

With all the turmoil in the Middle East, bidding in the auctions is likely to be tentative, said Douglas Schindewolf, an economist at Smith Barney, Harris Upham & Co.

"There are so many potential land mines," he said. "Anything could come across in those hours" between the bidding and the auction results, Mr. Schindewolf said.

The current situation of economic weakness and inflation worries has resulted in a steepening of the yield curve as short-term rates fall faster than those on long-term securities.

But a Fed easing would eventually help push long-term rates lower, said Neal Soss, managing director at First Boston Corp.

"Although it's a curve-steepening environment, the short-end rates should fall enough to allow long rates to fall a little," Mr. Soss said. "As the Fed eases, that will translate into some improvement in the long end," he said.

(Reuters, UPI)

Drexel Told To Leave Decisions To Group

By Kurt Eichenwald
New York Times Service

NEW YORK — For the first time since its parent company filed for bankruptcy in February, Drexel Burnham Lambert Inc. has lost its ability to exercise independent control of purchases and sales of securities in its portfolio.

The U.S. Bankruptcy Court Judge Howard Buschman 3d has ordered that a four-person investment committee be established to approve purchases and sales in the Drexel portfolio.

After the parent company filed for protection under Chapter 11 of the U.S. Bankruptcy Code, Drexel reached a short-lived agreement that allowed oversight of its investment decisions by its creditors.

Any objections to the decisions would then have to be taken by the creditors to court.

In an apparent effort to preclude delays in approval of the transactions, Judge Buschman ordered that the chairman of the committee alone would be allowed to approve or deny a planned asset sale or purchase.

"I don't know of any other case where there has been this kind of a process, where a group of outsiders had the ultimate voice in the dealings of a portfolio," said Wilbur Ross, senior managing director at Rothschild Inc., the financial adviser to the creditor's committee of Drexel Burham Lambert Group Inc.

The move by Judge Buschman was an attempt to defuse a growing antagonism between the firm and its creditors, who have complained that they feared the firm was mismanaging its assets.

Those concerns grew significantly in late May after Drexel terminated a number of guidelines that had been agreed upon with its creditors to allow for oversight of its transactions.

New Charges Cut Profit at U.K. Banks

Reuters

LONDON — Britain's commercial banks, barely free of the burden of Third World debt after a costly program of loan loss provisions, have been hurt again by risky loans, this time at home.

Britain's leading banks, among the most generous lenders to the Third World in the 1970s and 1980s, were badly burned by loan arrears there and had to set aside more than £4 billion ($7.4 billion) last year to protect against defaults.

But just as earnings looked to be heading up again, the banks have run into domestic debt problems that are forcing them to eat further into profits.

The four top banks in terms of assets all reported big provisions for bad debts in their latest half-yearly results. Barclays Bank PLC, the biggest and the last of the four to release its results, announced the largest provision of all on Friday of £447 million.

The bulk of the charges was for bad and doubtful debts in Britain, where a climb in bank base rates from 7.5 percent to 15 percent between June 1988 and last October has led to loan defaults among businesses and homeowners.

Barclays reported only a 2 percent rise in pretax profit to £602 million.

The other three leading banks, Midland Bank PLC, National Westminster Bank PLC and Lloyds Bank PLC, managed to turn a profit, with Midland creeping back into the black after a loss last year. But analysts said the debt provisions were larger and profits generally worse than the industry had expected.

NatWest, the second biggest in terms of assets, made £431 million after setting aside £425 million for risky debt. Lloyds, the smallest of the big four, earned £408 million after a £303 million risk provision.

Midland, which had a loss of more than £500 million in the first half of 1989 and was expected to make £100 million in the first half this year, earned just £36 million in pretax profits.

In the 1980s, when Britain's economy was resurgent and the future looked good, companies and consumers had few qualms about taking out big bank loans.

Financial deregulation, which opened the market for loans and increased competition, also contributed to a credit boom for which the country is now paying the price.

U.S. Seeks to Alter '88 Thrift Deals

By Leslie Wayne
New York Times Service

WASHINGTON — Federal regulators will seek to make changes in some deals in which the government sold nearly 100 insolvent savings institutions in 1988, and they may try to cancel some of the sales.

The deals were widely criticized on Capitol Hill and elsewhere for being overly generous to investors at the taxpayers' expense.

The changes could make the deals less attractive to the buyers of the institutions and could return "very large sums of money" to the government, said William H. Roelle, director of the resolutions and operations division of the Resolution Trust Corp., the agency established by Congress last year to oversee the savings industry.

The government is not seeking to renegotiate or repudiate the contracts, he said, but rather to determine where it could exercise cost-savings options within the terms of existing contracts.

If the agency's examiners find that any buyers failed to meet contractual obligations or engaged in fraudulent behavior, such findings would allow the government to void those contracts.

Among the 96 deals the agency is examining is the acquisition of 15 Texas savings institutions by James M. Fail, an Arizona businessman with a history of legal problems.

Other deals involve such well-known investors as Ronald O. Perelman, the chief executive of Revlon Inc., and Robert M. Bass, a Texas billionaire.

The trust corporation is expected to recommend shortly to its own oversight board that changes be made in the deals.

If the oversight board approves, the changes would require congressional approval, because money would have to be allocated to revise the arrangements.

"Obviously, this is all terribly important because of the huge cost of the savings and loan crisis to the taxpayer," Mr. Roelle said. "We are going to go to Congress and say, 'Here's what we can do to save money and here's what needs to be done.'"

Senator Howard M. Metzenbaum, an Ohio Democrat whose subcommittee is investigating the deal with Mr. Fail, said: "Mistakes were made in the Fail deal, in the Perelman deal and with others. If this gives us a chance to reopen and renegotiate these, then that's fine with me."

Representative Charles E. Schumer, a Democrat from New York who is a member of the House Banking Committee, said: "Retroactively abrogating a contract would scare people off. But exercising legal rights under a contract as any businessman would is not only the government's prerogative but also its obligation to taxpayers."

He added, "If we can legally undo some existing contracts where the government got taken to the cleaners, we should."

The 96 deals were arranged by the Federal Home Loan Bank Board in 1988, before Congress dissolved the agency and approved the savings industry bailout.

From the start, the deals were criticized as windfalls for investors and unduly expensive.

With their cost estimated to reach $50 billion, the government is looking at each one and will recommend exercising contractual options that could save it huge outlays in subsidies and interest costs.

Calls to Mr. Perelman's office seeking comment were not returned.

A Texas banker, Gerald J. Ford, who helped organize the Perelman group's bid in late 1988, said shortly after the deal was completed, "It's a sharing arrangement," saying the government also benefited.

A spokesman for Mr. Bass said he would not comment on the criticism of the deal.

Mr. Fail, who has been called to testify before Mr. Metzenbaum's subcommittee, said in a statement that he had made a full disclosure of all information that the government required.

"We have been successful because we have worked hard," he said. "We have met our commitments."

The deals were made when the federal fund to insure savings institutions' deposits was insolvent and the government offered sweetened terms to entice buyers.

Some changes the RTC is likely to seek would make some deals less profitable for investors and, under some circumstances, could push some institutions back into insolvency and into government hands.

ENERGY: *U.S. Cushioned Against Increasing Prices*

(Continued from first finance page)

we call the credibility of the central bank," said one Fed official. "We can do it better now than in the '70s," when financial market trust in the Fed as an inflation fighter was not high. "But we do not have an overabundance of credibility."

Not all the impact of higher energy prices is negative, however. Part of the impact of higher crude oil prices should be offset down the road by more investment by the oil industry and by businesses and consumers seeking to use less energy. Even in the short run, some parts of the country and some sectors of the economy will be boosted by higher oil prices.

While all U.S. oil users will be paying more, U.S. oil producers will be getting more for their crude. In the first 200 days of this year, net oil imports averaged 7.8 million barrels daily, or just over half of what is consumed. That means that foreign and domestic oil producers each probably will end up with about $15 billion to $17 billion more income. The bulk of the income associated with higher prices for natural gas and coal would also flow to U.S. companies.

The fact that domestic energy producers get more than half of the added amounts oil users will pay softens the depressing impact on the economy. Higher oil prices likely will stimulate oil and gas drilling in states such as Texas and Louisiana, which have still not recovered from the devastating decline in oil prices in 1985 and 1986.

A healthier economy in the Southwest could even save the federal government some money by increasing the value of some of the real estate and other assets the government now owns as a result of having taken over hundreds of insolvent banks and thrift institutions there.

But the stimulus to the oil patch will build slowly, because it takes time to make and execute new drilling plans, and having been badly burned once by falling prices, both independent oil drillers and major companies alike are apt to be cautious until they can be sure prices will stay up.

Meanwhile, energy-short Northeastern states, some of which are already clearly in a slump, will be hard hit right away because of their high dependence on oil.

But the impact in the Northeast, as in the United States as a whole, will not be as severe as in the 1970s. At $25, the oil price increase is far smaller (in 1973 and 1974, prices quadrupled rather than merely rising by one-third), and the U.S. economy uses considerably less energy per dollar of GNP than it did then.

Furthermore, in both previous episodes, energy prices were subject to price controls, which slowed the process of adjusting to the increase in energy prices.

"Energy is very important to the economy," said one government analyst, "but it is much less important than it used to be. There is more flexibility, and there is more business knowledge about how to handle a big increase in the relative price of oil.

"But having said that, it is important to understand just how important energy is," he continued. "It works its way through every nook and cranny of the economy. When you change the cost structure of something as large as that, it shakes the rafters."

COMPANY RESULTS

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

Britain

Barclays
1st Half: 1990 / 1989
Pretax Net: 602.00 / 590.80
Per Share: 0.234 / 0.254

Midland Bank
1st Half: 1990 / 1989
Pretax Net: 36.00 / (a)531.8
Per Share: 0.013 / —
a: loss.

Canada

Molson Companies
1st Quar.: 1990 / 1989
Revenue: 655.51 / 739.79
Profits: 37.04 / 35.76
Per Share: 1.13 / 1.09

Noranda
2nd Quar.: 1989 / 1988
Revenue: 2,560. / 2,408.
Profits: 56.80 / 125.00
Per Share: 0.23 / 0.57
1st Half: 1989 / 1988
Revenue: 5,010. / 4,480.
Profits: 115.00 / 283.00
Per Share: 0.49 / 1.34

Netherlands

Akzo
2nd Quar.: 1990 / 1989
Revenue: 4,720. / 4,790.
Profits: 205.70 / 270.60
Per Share: 4.63 / 5.25
1st Half: 1990 / 1989
Revenue: 8,900. / 9,250.
Profits: 407.40 / 498.00
Per Share: 9.17 / 11.50

Spain

Campsa
1st Half: 1990 / 1989
Revenue: 140,000. / 138,000.
Pretax Net: 8,298. / 8,279.

Repsol
1st Half: 1990 / 1989
Profits: 39,460. / 39,143.
Per Share: 132.00 / 130.00

United States

American Int'l
2nd Quar.: 1990 / 1989
Revenue: 2,860. / 2,586.
Net Inc.: 367.90 / 352.50
Per Share: 2.73 / 2.14
1st Half: 1990 / 1989
Revenue: 7,580. / 7,080.
Net Inc.: 723.40 / 695.60
Per Share: 4.39 / 4.22
Nets include realized capital gains of $31.5 million vs $30.9 million in quarter and of $66.7 million vs $68.2 million in six months.

Bank of New England
2nd Quar.: 1990 / 1989
Net Inc.: (a)133.3 / 36.50
Per Share: — / 0.52
1st Half: 1990 / 1989
Net Inc.: (a)179.9 / 78.8
Per Share: — / 1.12
a: loss. 1990 quarter net includes provisions for losses of $59 million and gain of $91 million.

Bear Stearns Cos
4th Quar.: 1990 / 1989
Revenue: 440.80 / 429.70
Net Inc.: 33.50 / 47.60
Per Share: 0.32 / 0.43
Year: 1990 / 1989
Revenue: 2,390. / 2,368.
Net Inc.: 119.40 / 172.40
Per Share: 1.10 / 1.54

Borden
2nd Quar.: 1990 / 1989
Revenue: 1,900. / 1,890.
Net Inc.: 90.44 / 83.95
Per Share: 0.61 / 0.57
1st Half: 1990 / 1989
Revenue: 3,800. / 3,710.
Net Inc.: 153.53 / 142.98
Per Share: 1.04 / 0.97

Chrysler
2nd Quar.: 1990 / 1989
Revenue: 8,850. / 9,850.
Net Inc.: 180.80 / 341.00
Per Share: 0.81 / 1.46
1st Half: 1990 / 1989
Revenue: 16,480. / 19,560.
Net Inc.: 251.80 / 692.00
Per Share: 1.13 / 2.96

Cigna
2nd Quar.: 1990 / 1989
Revenue: 4,810. / 3,820.
Net Inc.: 158.00 / 147.00
Per Share: 2.05 / 1.81
1st Half: 1990 / 1989
Revenue: 8,700. / 7,510.
Net Inc.: 200.00 / 232.00
Per Share: 2.58 / 2.83

Coastal
2nd Quar.: 1990 / 1989
Revenue: 1,870. / 1,980.
Net Inc.: 21.10 / 35.30
Per Share: 0.21 / 0.37
1st Half: 1990 / 1989
Revenue: 4,010. / 4,230.
Net Inc.: 97.70 / 95.70
Per Share: 0.93 / 1.05

Eastman Kodak
2nd Quar.: 1990 / 1989
Revenue: 4,870. / 4,770.
Net Inc.: 384.00 / 77.00
Per Share: 1.19 / 0.24
1st Half: 1990 / 1989
Revenue: 8,980. / 8,980.
Net Inc.: 583.00 / 289.00
Per Share: 1.80 / 0.89

ENSERCH
2nd Quar.: 1990 / 1989
Revenue: 608.00 / 572.50
Oper. Net: 5.444 / 4.449
Oper. Share: 0.04 / 0.01
1st Half: 1990 / 1989
Revenue: 1,360. / 1,220.
Oper. Net: 58.40 / 40.30
Oper. Share: 0.67 / 0.56
Per share results after preferred stock dividends.

Fleming Companies
2nd Quar.: 1990 / 1989
Revenue: 2,480. / 2,740.
Net Inc.: 20.20 / 17.40
Per Share: 0.64 / 0.53
1st Half: 1990 / 1989
Revenue: 6,250. / 6,400.
Net Inc.: 48.90 / 41.40
Per Share: 1.54 / 1.30

Grumman
2nd Quar.: 1990 / 1989
Revenue: 1,050. / 881.40
Net Inc.: 26.70 / 19.50
Per Share: 0.78 / 0.56
1st Half: 1990 / 1989
Revenue: 1,910. / 1,790.
Net Inc.: 43.20 / 35.60
Per Share: 1.25 / 1.02

Household Int'l
2nd Quar.: 1990 / 1989
Net Inc.: 56.10 / 55.80
Per Share: 1.46 / 1.58
1st Half: 1990 / 1989
Net Inc.: 108.30 / 111.00
Per Share: 2.82 / 3.01
1989 nets include gains of $8.9 million in quarter and of $14.9 million in six months.

Lincoln National
2nd Quar.: 1990 / 1989
Net Inc.: 68.00 / 55.90
Per Share: 1.54 / 1.24
1st Half: 1990 / 1989
Net Inc.: 94.20 / 106.90
Per Share: 2.08 / 2.37

Loews
2nd Quar.: 1990 / 1989
Revenue: 3,090. / 2,990.
Net Inc.: 192.90 / 329.80
Per Share: 2.60 / 4.38
1st Half: 1990 / 1989
Revenue: 6,070. / 5,610.
Net Inc.: 416.60 / 533.50
Per Share: 5.60 / 7.08

Pan Am
2nd Quar.: 1990 / 1989
Revenue: 1,020. / 909.40
Oper. Loss: 49.00 / 101.00
1st Half: 1990 / 1989
Revenue: 1,870. / 1,640.
Oper. Loss: 239.70 / 255.90
1989 quarter net excludes gain of $92.1 million.

Transamerica
2nd Quar.: 1990 / 1989
Revenue: 1,670. / 1,700.
Net Inc.: 86.50 / 91.30
Per Share: 1.08 / 1.15
1st Half: 1990 / 1989
Revenue: 3,300. / 3,280.
Net Inc.: 156.80 / 162.10
Per Share: 1.96 / 2.04
Per share nets include gains of 7 cents vs 14 cents in quarter and of 14 cents vs 40 cents in six months.

Travelers
2nd Quar.: 1990 / 1989
Revenue: 3,000. / 3,200.
Net Inc.: 101.70 / 114.10
Per Share: 0.98 / 1.10
1st Half: 1990 / 1989
Revenue: 6,200. / 6,300.
Net Inc.: 193.30 / 211.90
Per Share: 1.85 / 2.06
Per share nets include gains of 13 cents vs 10 cents in quarter and of 18 cents vs 11 cents in six months.

Turks Rule Out Fast Devaluation

Reuters

ISTANBUL — The governor of Turkey's Central Bank has ruled out faster devaluation of the lira despite a widening of the current-account deficit to $1.67 billion in the first five months of 1990.

"The lira depreciation against hard currencies will roughly be the same as last year," said Rusdu Saracoglu in an interview. "Faster depreciation or devaluation in the near future are out of the question."

Exporters have called for devaluation to ease the impact of a strong lira on their sales.

Turkey's current account ran surpluses of $1.5 billion in 1988 and $966 million in 1989, but a surge in imports from January to May this year has put the account deeply into the red.

The lira lost 14.9 percent of its value against the dollar at official rates in the first half of 1990, while the inflation rate in the same period was 22.1 percent. Depreciation last year was 26.9 percent, when inflation was 68.8 percent.

Slow lira depreciation has meant that imports have become cheaper in real terms. Imports rose to more than $8 billion in the period January-May 1990, compared with $5.6 billion in the same 1989 period.

Sweeping import-tax cuts have also contributed to this growth. They were introduced from early 1989 in line with recommendations of the General Agreement on Tariffs and Trade.

Imports of raw materials, which have the biggest share in the total, reached $5.2 billion in January-May, followed by investment goods amounting to $2.0 billion. Imports of consumer goods rose most, increasing by 77 percent to $788 million.

The foreign trade gap rose by 209 percent in the first five months of the year, to $3.21 billion, over the same 1989 period. Exports went up only by 4.8 percent.

> **'Faster depreciation or devaluation in the near future are out of the question.'**
>
> **Rusdu Saracoglu, governor of Turkey's Central Bank.**

"The monthly lira depreciation against the dollar is around 2 percent to 2.5 percent," said Tayfun Bayazit of Yapi Kredi Bank, a private institution. "I don't think this will go beyond 3 percent or 3.5 percent at most."

Claims by ministers that the current account will switch back to surplus by the end of the year are treated with skepticism by bankers. A senior monetary source said a recently revised forecast showed a 1990 deficit of around $500 million.

Foreign reserves are at an all-time high, however. Bankers say an increase in short-term borrowing this year has contributed to reserves that reached $10 billion at end-June, compared with $3.7 billion at end-1985.

The short-term capital account was $1.5 billion in surplus in the first five months, but Mr. Saracoglu of the central bank noted that this was reduced to $26 million in May, compared with $446 million in April.

With annual domestic lending rates of around 70 percent, slow lira depreciation has made foreign borrowing attractive for companies. They also benefit from narrower spreads due to the country's still fragile but strengthening creditworthiness.

More foreign cash coming in to Turkey since last August's easing of exchange controls has mostly landed on Istanbul's stock market. Remittances from Turkish workers abroad have also been plowed back into reserves.

Big foreign trade firms, which have benefited from export-driven growth in the last decade, are calling for devaluation. They say Eximbank credits are not sufficient to encourage exports when compared with the fiscal incentives and competitive exchange rates of the mid-1980s.

Eximbank credits will exceed $3 billion this year if all the offered lines are accepted from abroad. A total of $1.4 billion has been offered in contractor credits and $2 billion in buyers' loans so far.

S&L Panel Bill Gains Acceptance At White House

New York Times Service

WASHINGTON — The U.S. government has dropped its opposition to a Senate proposal that would create a bipartisan commission to study the causes of the savings and loan crisis.

The Bush administration continues to oppose a similar proposal in the House of Representatives that would give the commission powers of subpoena with fewer restrictions.

Government officials have argued that such subpoena powers could interfere with criminal and civil investigations.

Some people had attributed the administration's opposition to a fear that Democrats would use a commission to blame Republicans for the savings and loan crisis.

The Senate proposal, which has not yet been voted upon, would set up an eight-member commission, with half appointed by Democrats and half by Republicans. Members of Congress could not serve.

The commission would be required to clear its plans with the Justice Department when calling witnesses implicated in failures of savings institutions.

WALL STREET REVIEW

Figures as of close of trading Friday, August 3.

NYSE Most Actives

	Vol.	High	Low	Last	Chng.
Chevrn	160751	81⅝	76⅞	78¾	+2⅜
WalMt s	143259	31⅞	28½	30⅝	−1¼
Exxon	131864	55	49⅛	53⅛	+3⅞
Texaco	120383	68½	61⅜	64⅝	+3⅞
PhilMr s	117900	48¼	42¾	46½	− ⅛
Boeing s	116461	59	50	54	−5¼
USX	107778	35⅝	34	34⅞	+ ⅜
Mobil	106724	69	64	66⅞	+3⅛
IBM	99756	112⅞	103¾	108⅛	−3¼
Citicorp	97325	20⅜	18⅛	18⅝	−1¾
GenEl	93321	72½	66¾	69¾	−2¼
AT&T	90833	37¼	35	36	− ¼
GlbM n	87722	5⅝	4½	5⅛	+ ½
Unitel s	87368	25¼	24	24⅝	− ⅝
EKodak	85293	42⅝	38	40⅞	+1¼
McDonl	80907	32⅛	29½	30¼	−1½
Amoco	78689	60⅝	53⅞	57½	+3⅞
AmExp	77977	29½	26½	27¼	−1¼
Unocal s	76664	34⅜	29⅝	32⅜	+2
PhilPet	73848	30⅜	27½	29⅞	+1½
BnkAm	73792	25⅜	21⅞	22⅜	−3⅜
Chase	72279	19⅜	16⅞	17⅜	−2
GnMotr	71165	47⅜	47	43⅜	−4
FdNM s	70415	39¼	33½	35⅞	−2⅞
BrMySq	69855	65½	58¼	60½	−2⅝

AMEX Most Actives

	Vol.	High	Low	Last	Chng.
EchoBy	31290	14⅛	12⅝	13⅝	+ ¾
ENSCO	26657	4⅞	4¼	4⅝	+ ⅛
SNk I93wt	26605	11⅞	8½	10⅞	+1⅜
BAT In	26526	10¾	10⅛	10⅛	− ⅜
Amdhl	24996	15⅜	12	12⅜	−2⅞
PW Nk pw	23812	4½	2⅞	4¼	+ ⅞
Hilhav n	21390	1¾	1⅜	1⅝	− ⅛
Dk Nk wt	20291	12¾	9½	11⅞	+1½
WangB	18170	4¼	3⅝	3¾	− ⅛
SNk f93wt	16060	12½	9⅜	11¾	+1¼
TubMex	13821	5⅞	4⅝	5⅞	+ ⅞
EksNk wt	13672	4½	3⅛	4⅛	+ ⅝
Diasonc	13367	3⅜	2⅝	3	− ⅛
FruitL	11896	12¼	11⅛	11¾	− ¼
DowC rt	11443	9½	8⅜	8¾	− ¾
A-ate sc s	10888	10⅜	8⅜	9½	− ⅜
ContAir	10882	5¼	4¼	4⅞	− ⅝
A-mob sc	10832	15⅞	11⅞	13⅞	+1⅞
Wintrd	10644	10⅞	9	10	+ ¾
BT Nk wt	10628	28½	21¼	26½	+3¾
PegGld	10240	11⅞	10½	11⅛	+ ⅜
ImpOil g	9236	56⅞	51⅛	55⅝	+4
WDigitl	8383	12⅜	10⅛	11⅛	−1¼
Alza	8307	48⅛	43¾	45¼	−1⅝
A-att2 sc	8052	11⅜	10¼	10¾	− ¼

NYSE Sales

	Sales Vol.
Total for week	1,042,540,000
Week ago	858,590,000
Year ago	912,130,000
Two years ago	779,060,000
Jan 1 to date	23,756,235,000
1989 to date	25,197,690,000
1988 to date	26,202,240,000

AMEX Sales

	Sales Vol.
Total for week	80,980,000
Week ago	68,780,000
Year ago	66,820,000
Jan 1 to date	2,084,690,000
1989 to date	1,529,320,000

NYSE Diaries

	This Wk	Last Wk
Advanced	402	
Declined	1394	
Unchanged	204	
Total Issues	2200	
New Highs	100	
New Lows	338	

AMEX Diaries

	This Wk	Last Wk
Advanced	236	
Declined	620	
Unchanged	147	
Total Issues	1003	
New Highs	34	
New Lows	144	

CVS DIAMOND* BASE CONSUMER SELLING PRICE — W.E. 3/8/90

CARBON VAPOUR SET DIAMOND* IN 18KT. HALLMARKED GOLD.	TOTAL DIAMOND WEIGHT-CARAT	US$ PER PIECE
CLEAN, H COLOR, EXCELLENT MAKE 1 POINTERS. DIAMOND SETTINGS.	1.00	2,560
	0.75	1,920
	0.50	1,280
	0.25	640

BLUE DIAMONDS WORLDWIDE CO. INC. — * COPYRIGHT — ALL SIZES/WEIGHTS ARE APPROX.

Euromarts At a Glance

Eurobond Yields

	Aug. 1	July 25
U.S. $, 8 yrs & over	9.22	9.26
U.S. $, 5 to 7 yrs	9.07	9.21
U.S. $, less than 5 yrs	8.72	8.84
Pounds sterling, less than 5 yrs	13.31	13.48
French francs, less than 5 yrs	10.31	10.29
Ital. lire, less than 5 yrs	11.99	11.96
Danish kroner, less than 5 yrs	10.01	10.23
ECU, 8 yrs & over	9.85	9.86
ECU, 5 to 7 yrs	9.88	9.91
Can. $, less than 5 yrs	12.53	12.65
Aus. $, less than 5 yrs	14.83	14.86
N.Z. $, less than 5 yrs	13.22	13.34
Yen, 5 to 7 yrs	7.11	7.26
Yen, less than 5 yrs	7.29	7.10

Source: Luxembourg Stock Exchange.

Weekly Sales Aug. 2

Primary Market

	Cedel $	Cedel Non$	Euroclear $	Euroclear Non$
Straights	382.50	661.80	1,571.00	683.10
Convert.	2.80	—	47.20	—
FRNs	18.00	3.40	424.00	128.90
ECP	3,954.00	1,026.60	10,652.80	1,836.20
Total	4,357.30	1,691.80	12,695.00	2,648.20

Secondary Market

	Cedel $	Cedel Non$	Euroclear $	Euroclear Non$
Straights	6,097.40	11,895.10	14,691.00	11,014.40
Convert.	266.80	573.50	902.60	482.60
FRNs	2,813.50	977.30	4,308.50	3,399.90
ECP	4,966.00	1,856.00	3,108.90	1,933.50
Total	14,143.70	15,301.90	23,011.00	16,830.40

Source: Euroclear, Cedel.

Libor Rates Aug. 3

	1-month	3-month	6-month
U.S. $	8.00	8.00	8.00
Deutsche mark	8⅝	8½	8⅝
Pound sterling	15.00	15 1/16	14 15/16
French franc	9⅝	9 15/16	10.00
ECU	10 3/16	10⅜	10½
Yen	7 9/16	7 13/16	7 15/16

Source: Morgan Guaranty, Lloyds Bank, Reuters.

U.S. Treasury Bonds Aug. 3

Maturity	Close Bid	Ask	Yield	Wk.-ago yield
31.07.92	100 11/32	100 13/32	7.81	8.00
15.05.93	101 18/32	101 20/32	7.98	8.13
30.06.94	101 16/32	101 18/32	8.04	8.19
15.08.95	101 17/32	101 19/32	8.11	8.24
15.07.97	100 29/32	100 31/32	8.32	8.38
15.05.00	102 27/32	102 29/32	8.44	8.42
15.02.06	106 22/32	106 26/32	8.59	8.53
15.05.20	102 8/32	102 10/32	8.54	8.48

Source: Salomon Inc.

INTERNATIONAL BusinessWeek

This week's topics:

- Is America In Recession?
- Why The Soviets Are Selling Assets
- Corporate Profits: Getting Weaker
- A Marketing Coup For Genentech
- The Gettys: Dillettante Dealmakers

Now available at your newsstand!

BusinessWeek International
14, av d'Ouchy, CH-1006 Lausanne. Tel. 41-21-617 4411
For subscriptions, call toll-free:
France 19-0590-8514 and UK 0800/289137

INTERNATIONAL Herald Tribune
Published With The New York Times and The Washington Post

日本印刷実施

Now Printed in Tokyo For Same-Day Delivery to Most Homes & Offices in Japan

To subscribe call our Tokyo office

(03) 201 0205

Or write: TJM, 2F. Mainichi Newspaper, 1-1-1 Hitotsubashi, Chiyoda-ku, Tokyo 100
Or Telex: 33673. Or Fax: (03) 214 4045.

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, August 3.

A

Stock	Div	Yld	Sales in 100s	High	Low	Close	Net Ch'ge
A&W Bd			2538	32¼	29¾	30	–2¼
ABS	.32	4.1	116	8¼	7⅜	7¾	–1⅛
ACC Cp	.16	1.4	674	11¾	10	10¾	–1½
ADC			2725	20⅝	19⅛	19¾	+ ⅛
ADT		t	7836	30⅝	26⅝	28½	–2⅝
AEL			851	5	4⅛	4⅝	+ ⅛
AEP s			452	14¼	12¾	13½	– ½
ASK			2851	10	9⅛	9⅛	– ⅜
AST			37551	23½	18⅝	20	–3¾
AcrnRt	.10	1.1	163	9¾	9¼	9¼	
AbingB	.08t		41	4	3	3	– ¼
AbeLinc			9	6½	6	6½	+ ¼
Acadin			1841	1¾	1⅝	1⅝	
Accel	.20b	3.0	465	7	6¾	6¾	– ¼
Aclaim			11147	10¾	9	9¼	– ⅜
Aceto	.14b	1.3	512	11	11	11	–1
ACMT			37	12½	12¼	12½	+ ½
Acmt a			60	10¾	10	10⅝	+ ⅜
AcmeSt			1527	16½	15⅛	15½	– ½
AciARt			2269	4¾	4¼	4½	
ActnSv	.16t		251	2	1¼	1¾	– ½
Acxiom			1594	20	17½	18½	–1
AdacLb	.04t		5369	1⅝	1⅛	1⅜	+ ⅛
Adage			284	1⅝	⅝	⅝	
Adapt			9978	19¾	16¾	18⅛	[illegible]

(Continued on next page)

India to Let Foreigners Seek Oil in Some Tracts

Reuters

NEW DELHI — India will invite foreign firms to explore for oil but will offer them the country's more difficult blocks to drill, petroleum ministry officials said.

A senior official said the government will "continue to intensify oil exploration by encouraging competition. However, foreign firms will be given the more difficult geoseismic zones."

The official, who declined to be named, said foreign companies could bid, for the fourth time in a decade, for 62 onshore blocks and 33 offshore zones.

The tenders would be floated in the last week of September or the first week of October, he said.

India has offered a total of 109 potential oil-bearing zones to foreign companies in three rounds of bids since 1979.

But domestic oil concerns have lobbied to block foreign companies since they were last offered bids in 1986, when five foreign companies signed contracts with the Indian government to drill on nine blocks covering 119,960 square kilometers (46,000 square miles).

The official said the oil minister, M.S. Gurupadaswamy, saw the country losing nothing in the production-sharing agreements.

"If the foreign firms failed to strike oil, it is they who would lose their investments on exploration. If they struck, we would get our share and end up producing more oil," the official quoted Mr. Gurupadaswamy as telling a ministry meeting.

The official said continued foreign participation was seen as essential to augment the country's oil production, which was about 34 million tons in the fiscal year ended March 31.

WORLD STOCKS IN REVIEW

Via Agence France-Presse

Amsterdam

The Amsterdam stock market finished sharply lower last week following Iraq's invasion of Kuwait. The drop in Dutch share prices also reflected fears of inflation and higher interest rates, analysts said.

The CBS all-share index closed at 193.80 points Friday, down from 198.10 the previous week. Total turnover last week reached 8.8 billion guilders, of which 4.8 billion was in equities.

Disappointing half-year results released by the chemicals concern AKZO NV contributed to the uneasy mood.

Frankfurt

Frankfurt stocks had a very disappointing week, due in part to the poor performances in New York and Tokyo, fears of higher interest rates and the new funding needs of East Germany.

The DAX spot-trend indicator plunged by 78.87 points during the week to end at 1,840.94, while the Commerzbank index was down by 91.24 to 2,260.56.

Volume for the week on the eight West German exchanges was a moderate 30.71 billion Deutsche marks, against 32.89 billion the previous week.

One of the big losers was Allianz AG, which announced last week the $3.3 billion purchase of Firemen's Fund Insurance Co. of the United States. Alliance fell 198 DM to end the week at 2,790 DM.

Hong Kong

The Hong Kong stock exchange's barometer Hang Seng Index fell sharply last week following the crisis in the Middle East, losing a total of 128.85 points, or 3.7 percent, to close at 3,356.95 points on Friday.

Average daily turnover fell to 1.76 billion Hong Kong dollars from the previous week's 2.36 billion dollars.

The Hang Seng slipped 40.39 points to 3,445.41 on Monday and another 6.9 to 3,438.49 on Tuesday, spurred by uncertainty on Wall Street and in Tokyo. It rebounded Wednesday, closing at 3,468.64.

News of the Iraqi invasion of Kuwait on Thursday caused the index to shed 53.46 points to 3,415.18. The slide continued on Friday with a loss of 58.23 points to 3,356.95 as the Hang Seng fell through the 3,400 barrier for the first time since July 9.

London

London's key index fell a total of 2.7 percent Thursday and Friday in the aftermath of Iraq's invasion of Kuwait, putting the loss for the past two weeks at 4 percent.

The Financial Times-Stock Exchange 100-share index, which stood at just over 2,400 two weeks ago, dropped through 2,300 points Friday to end 45.5 lower on the week at 2,284.6.

The FT-30 index fell even more sharply, down 48.7 points on the week to 1,793.4.

The market focused on recessionary and inflationary implications of high oil prices, having already received a warning of imminent recession from the Confederation of British Industry early in the week.

Oil shares, defense stocks and issues connected with precious metals were the beneficiaries of the Gulf crisis, with British Petroleum and Shell U.K. soaring.

Milan

The Iraq-Kuwait conflict and political uncertainty in Italy combined to send the Milan stock market sharply lower.

The MIB index lost 4.69 percent on the week, falling to 1,014.60 points from 1,065 points the previous week.

Most blue chips finished lower. Fiat SpA lost 3.69 percent, Assicurazioni Generali SpA was down 4.61 per cent, Olivetti & Co. shed 4.96 percent, CIR dropped 6.22 percent and Mediobanca SpA lost 4.80 percent.

The Milan bourse reacted negatively to the Iraqi invasion of Kuwait and the Italian announcement that Kuwaiti assets in Italy would be frozen. A Kuwaiti pension fund holds a 6.7 percent stake in IFIL, the financial holding company of the Agnelli group.

Paris

The Gulf conflict added further strain to an already fragile Paris Bourse, which has been looking for a lowering of interest rates for a boost.

The CAC-40 index closed the week at 1,869.45 points, down sharply from 1,965.79 the previous Friday. The CAC-40 indicator has now lost a total of 6.6 percent since Jan. 1.

The index plunged by 2.55 percent on Friday following the Iraqi invasion of Kuwait.

Although share prices finished generally lower, analysts said there was no panic and the bourse resisted better than during the Middle East oil shocks of the 1970s.

Singapore

The Singapore stock market fell sharply last week, with the Straits Times Industrial Index ending the week down 54.44 points at 1,511.05.

The index suffered its biggest one-day drop of the year on Thursday, ending the day down 25.26 points at 1,532.50.

Dealers said selling pressure increased as foreign and institutional fund managers tried to sell following the fall on the Tokyo Stock Exchange on Thursday and Friday. Uncertainty and fears that the Gulf conflict would push up oil prices also hurt market sentiment.

Tokyo

Share prices tumbled on the Tokyo Stock Exchange last week, with the key indicator closing the week below the 30,000-point level for first time in three months.

The Nikkei Average of 225 selected stocks wound up the week Friday at 29,515,76 for a hefty loss of 1,347.72 points, or 4.4 percent. The index fell 1,558.04 the previous week. It was the first time since May 1 that the Nikkei had closed the day's trading below the 30,000 mark.

The Tokyo Stock Price Index of all stocks listed on the market's major section shed 74.59 points to end the week at 2,174.67. The index fell 114.17 points the week before.

Trading continued to be lethargic, but daily average turnover rose slightly from previous week's 358 million shares to 379.4 million.

The news of Iraq's invasion of Kuwait came immediately after the end of morning trading on Thursday and the Nikkei plunged as much as 900 points at one stage in the afternoon session, before rebounding to finish the day 592.8 points lower than Wednesday.

The Nikkei then took a battering Friday afternoon, tumbling by as much as 729.42 points.

Zurich

The Zurich bourse opened on a negative note last week and the slide accelerated as the week went on because of the uncertainty over events in the Middle East.

The Swiss Performance Index closed the week at 1,143.60 points, down sharply from 1,175.80 the previous week. The Crédit Suisse indicator fell 17.8 points to 638.30, while the Swiss Bank Corp. Index fell 17.5 points to 649.60.

Volume was low, with foreign investors present only as sellers. Operators noticed a number of sales from Geneva, where numerous Kuwaiti investors have bank accounts.

Canada Seen Near Recession

Reuters

OTTAWA — The Canadian government's statistical agency says the economy is marching toward recession, but economists think the correction should be a mild one.

Canada has watched its once robust economy sputter in recent months as interest rates have edged upward.

The government said its leading indicator index fell 0.4 percent in June, the fourth consecutive monthly decline.

The agency said the six recessions since 1952 were all marked by four consecutive declines in the indicator and by declines in gross domestic product.

Most economists are predicting only a mild contraction of the economy, while others are betting that Canada might yet still avoid one.

"Yes, we are entering a mild recession and any numbers I see tend to support that," said John Clinkard, an economist of the Canadian Imperial Bank of Commerce.

Mr. Clinkard predicted the country's 14.75 percent prime rate would fall within the next two weeks as Canada's central bank continues its policy of allowing rates to ease.

High interest rates have been fueling a rally in the Canadian dollar in recent weeks. It reached a 10-year high of 86.9 U.S. cents on Thursday.

Exporters say the high rates and the high-flying currency are contributing to the economic slowdown because their products are being priced out of world markets.

BUSINESS BRIEFS

Ford Sells Aerospace Operations

DETROIT (AP) — Ford Motor Co. said it had agreed to sell its Ford Aerospace Corp. subsidiary to the defense electronics company Loral Corp. for $715 million in cash and the assumption of certain undisclosed liabilities of Ford Aerospace.

The sale, which was announced Friday and is subject to government approval, moves Ford closer to its goal of ridding itself of its nonautomotive businesses.

In a brief statement, Loral said it had no plans to cut staff at Ford Aerospace, spin off any of its business or make major changes in the company's operations.

Managers Offer to Buy Tuffier Unit

PARIS (Reuters) — The management of the money broker Nicol SA has offered to buy the unit from its holding company, Tuffier & Associés, said Didier Souffrant, chairman of Nicol and managing director of Tuffier.

Tuffier has a second money broker, Cofrem.

Mr. Souffrant said their plan would be backed by a British concern, Investors in Industry, which would take a minority stake.

Stinnes to Buy Co-op Builder Stores

MUEHLHEIM, West Germany (Reuters) — The West German retailer Stinnes AG said it will acquire 80 home-builder shops from Co-op AG for an undisclosed sum.

The stores have annual sales of 550 million Deutsche marks ($347 million) and employ 1,200. The Federal Cartel Office must approve the deal, part of a restructuring of Co-op after its 1989 bankruptcy.

Polish Unemployment Rate Tops 5%

WARSAW (Reuters) — Unemployment in Poland topped 5 percent in July with a rise of 131,000, the biggest monthly gain in seven months of economic austerity, the Labor Ministry said.

There were 699,300 people, or 5.2 percent of the work force, registered as unemployed on July 31, a spokesman said. Poland had 9,700 unemployed before austerity measures were introduced in January to fight inflation.

AT&T to Increase Sun Stake to 14%

MOUNTAIN VIEW, California (UPI) — Sun Microsystems Inc., a fast-growing maker of computer workstations, said American Telephone & Telegraph Co. would pay $191.8 million for Sun shares that would boost AT&T's stake to 14.7 percent.

The sale is the result of a 19-month-old investment agreement, under which AT&T can buy up to 15 percent of Sun's stock in installments from the company and purchase an additional 5 percent on the open market by January 1991.

Stotler Hit With Bankruptcy Filing

NEW YORK (NYT) — Stotler Group Inc., a financially troubled commodity firm based in Chicago, announced that an involuntary bankruptcy petition had been filed against it by three parties that say they are creditors.

FIAT: *Italian Automaker Looks to East European Markets for Expansion*

(Continued from first finance page)

$41 billion last year, and this enables it to devote so much money and effort to Eastern Europe.

But Mr. Gallo says that Fiat fears losing prestige more than money if its Eastern European efforts fall flat.

Fiat was in a dead heat with Volkswagen AG last year to be No. 1 in Western European auto sales, but with Fiat leading the pack into the East, Volkswagen has strained to keep close behind by moving aggressively in East Germany.

With its expansion plans in East Germany and Hungary, General Motors Corp. also intends to be a strong presence, while Ford Motor Co., Peugeot SA, Renault and the Japanese lag far behind.

Here in Tychy — in what is the nearest to completion of Fiat's new Eastern European projects — the company is working with its state-owned Polish partner, Fabryka Samochodow Malolitrazowych, or FSM, to produce small, but zippy, cars that will be a modest step upward from the tiny, underpowered models that Poles now drive.

Fiat is also negotiating with Fabryka Samochodow Osobowych, or FSO, a state-owned car maker based in Warsaw, to jointly produce 120,000 mid-sized cars a year by 1993.

But these projects are modest compared with Fiat's plans in the Soviet Union, where the company has agreed to pump in money, design expertise and production know-how to help produce 900,000 cars a year in Yelabuga, 600 miles southeast of Moscow.

That project will create one of the world's largest auto complexes and nearly double Soviet carmaking capacity.

"These will be the first cars sold in the Soviet Union that carry a Western nameplate," said Mr. Gallo, 56. The Fiat executive, who spent five years heading the company's American operations, sounds very much like the economics professor he once was in discussing the opportunities and obligations that Westerners face in Eastern Europe.

"We have a very strong interest that Eastern Europeans should progress," he said. "They must solve their problems themselves. But we can contribute. We can help them to reinvent their economies."

"The first priority is to give people a sense that something is being done," he said. "They cannot increase production overnight. But we can increase the availability of goods through aid."

In the communist world, there has been little incentive to work hard, he adds, "not because there isn't money, but because there is so little to buy with that money. We have to help provide better goods for them to buy."

Mr. Gallo's goals are being realized in Tychy, a community of weather-beaten houses, obsolete factories and patchy farms west of Cracow.

> 'Eastern Europe will be the market with the greatest expansion over the next few years.'
>
> Francesco Gallo, director of international operations, Fiat SpA.

FSM, based in nearby Bielsko Biala, is investing $650 million in the new plant, while Fiat is putting up an equal amount to buy machinery.

FSM is to repay Fiat with the proceeds from 500,000 of the Polish-made cars, tentatively called Micros, that Fiat expects to sell to the West at the rate of about 70,000 a year.

The plan to export Micros is part of a program in which Fiat will take more than 300,000 cars from its Eastern partners to sell to customers in the West. Last year, Fiat sold more than 2.2 million cars worldwide.

"With this new car, we will be expanding our product range in Europe," Mr. Gallo said. "It is not economical to produce 70,000 cars like this in Italy, but it is economical to produce 160,000 in Poland, with us taking 70,000."

Fiat, which may take an equity stake in FSM as part of the Polish company's future privatization, expects FSM to expand output to 240,000 Micros a year by 1993.

Fiat's cooperation with FSM is a signal example of East-West symbiosis in which Western companies benefit from new markets and low-cost, highly skilled labor, while Eastern European companies, consumers and workers arguably gain even more.

For Poland, Fiat's involvement means new technology, more jobs and management expertise in fields like accounting and labor management.

What is more, the partnership will have a trickle-down effect, since Fiat and its component suppliers are giving financial help and teaching Western ways to hundreds of FSM's suppliers, like producers of upholstery and ventilation systems.

"I don't like to boast, but you can say that this will be the most modern factory in all of Poland," said Jozef Popczyk, director of FSM's Tychy plant. "Western help is essential for us. Without Western cooperation, we would remain at low technological levels."

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, August 3.

(Continued)

			Sales in 100s	High	Low	Close	Net Ch'ge
TuscPl	.26e	1.0	438	26¼	26	26	— ½
20Cnln	.44	2.7	1690	25	23¾	24	— ½
TwinSt			613	10¼	10	10½	+ ¼
TycoTy			9203	17¾	16	17	— ½
TycoTy wt			1905	7½	5¾	6½	— 1
Tyson	.04	.1	10943	30¼	26¼	27½	— 2¾
U							
UNR			1139	4	3¾	3⅞	+ ⅛
UNR wt			11	1⅛	⅞	⅞	
UNSL	.60	5.9	5	10¼	10¼	10¼	
USA Bc			180	4⅞	4	4	— ½
USMX			937	2⅞	1¾	1⅞	+ ⅛
UST Co	.43	6.1	2703	10¾	10	10¼	+ ¼
UTL			8181	4⅞	3⅞	4	+ 1
UnlMrt	.10	1.9	269	5¾	5¼	5¼	— ⅛
UnicoA			5726	5⅞	4¾	5¼	— ⅜
Unifrce	.12	1.2	94	10½	9½	10	
Unigen			840	1⅛	1⅛	1⅛	
Unon wt			296	⅛	⅛	⅛	— ⅛
Unilab			2101	6⅞	5⅞	6¼	
Unimed			82	2½	2¼	2½	
UnBnk	1.40	6.9	1055	23¼	19¾	20¼	— 2½
UAEn A			3437	14¼	12½	13	— 1
UAEn B			1689	15	13½	14	— 1
UBCol	.10l		13694	21¾	20⅛	20¼	— 1⅛
UBWV	.72	6.3	1741	12	11	11½	— ½
UCarBk	.60	4.2	648	13¼	12¼	12¾	+ ⅛
UCitGs	.92	6.2	4721	15	14⅞	14⅞	
UnCoast			1046	3⅞	3½	3⅝	— ⅛
UnCosF	.60	3.9	448	15½	14½	15½	+ ¼
UnFdBc	.36	3.9	429	10¼	9¼	9¼	— 1
UFinSC			72	8⅞	8¼	8½	— ½
UFireC	1.20	3.6	135	34½	33¼	33¼	— 1½
UGame			769	7⅛	5⅞	6	— 1⅛
UHltCr			10895	19¼	14¼	16⅝	— 2⅝
Utdlns			342	18	16¾	17⅞	+ ⅜
UMoBn	.80a	2.9	310	28⅝	27½	27½	— ½
UnNMx	.25e	2.4	143	11	10¼	10¼	— 1
UtdNwsp	.77e	4.2	89	12¾	12¼	12½	— ⅛
USvBk	.42	4.2	108	10½	10	10	
USBkVa			82	⅛	⅛	⅛	— ½
US Bcs	1.00	3.9	16016	29⅝	24½	25⅝	— 2¾
USBPa			132	13	11⅝	11¾	— 1½
US Bc pf	2.12	10.1	281	21	21	21	— ½
US Enr			1348	9¾	9	9¼	— ⅜
US Facl			830	3⅝	3	3⅛	
US Gold			9191	½		½	— ⅛
US HltC	.36	2.0	36032	20⅜	16¼	18	— 1⅞
US Intc			71	5¼	4⅞	5⅛	+ ⅛
US Prc a			288	⅝		⅝	
US Trst	1.60	4.7	1455	36¼	34	34	— 1⅛
USWNV			6486	32⅝	27¾	28½	— 3¾
USlam	.40	3.8	1335	11¼	10½	10½	— ½
UnTelev			458	32½	31¼	31¾	— ¾
UtdThrm			61	1⅝	1⅝	1⅝	— ⅛
UnToto			233	6¾	4¾	5¼	— 1⅛
Unitog			662	13⅝	13	13	— ⅜
Unitrin			6759	31½	29¾	30⅛	— 1⅛
Unitrnx			851	7⅛	6¾	6⅞	+ ⅛
UnvHlt	.20e	2.1	358	9⅝	9½	9½	— ⅛
UnvHld			176		¾	¾	— ⅛
UnvBT s	.75e	2.6	42	29½	28⅝	28⅝	— 3¼
UPenEn	2.22	8.6	126	26¼	25½	25¾	
Urcarc s			30626	11⅞	10⅛	11⅛	+ ⅛
UtahMd			4584	11¾	9⅝	10¼	— 1⅛
V							
V Band			254	4	3¼	3¼	— ¾
VLSI			7864	8⅞	6⅞	7¼	— 1½
VMS	.20l		198	¾	½	½	— ½
VMS II	.18l		629	¾	¾	¾	— ⅜
VMS III	.22l		287	1⅛	¾	¾	— ⅛
VMS SL	.31e	8.6	547	4	3⅛	3⅝	— ⅜
VMS SL2	.30l		1065	1¾	1⅛	1⅛	— ½
VMX			8147	2⅞	1⅜	1⅝	+ ⅛
VSB Bc	.50	6.3	113x9		8	8	— 1⅛
VSE	.28	3.3	656	9	7⅞	8½	— ⅛
VWR	.80	5.1	145	17¼	15⅜	15⅝	— 1⅛
Valcom			71	16¼	14½	16¼	+ 1⅞
ValidLg			6122	2⅞	2¼	2½	— ⅜
Vallen s			47	26¼	23½	26	+ ½
ValyBc	1.12	5.0	224	23½	22¼	22¼	— ¾
VlyCa s	.80	3.3	81	25¾	24½	24½	— 1
ValFSL h			811	1⅛	1⅛	1⅛	— ⅛
VlyBcp	1.26	7.0	431	21	19½	19½	— ⅜
ValNtl			9781	16¼	15⅞	15¾	— ⅝
ValliCar			109	6	5¼	5¼	
Valmnt s	.26	1.4	881	19¾	18½	19	— 1
ValLn	.40	3.3	1113	18	17¼	18	
ValMer			1919	13	11½	11¾	— ⅜
VanFed			368	11	9	10	— ⅜
VerdCl s			4526	23⅝	21⅞	22¼	— 1¼
VREF I	.60e	7.5	61	8	7¼	8	+ ⅜
VariCre	.04	1.3	27	3	3	3	
Varitrn			359	6⅞	6¼	6¼	— ⅜
Varien	.60	4.0	388	15¾	14¾	15	+ ¼
VeloBd			1074	6⅝	6	6¼	— ⅛
Vencor			2970	14⅜	12¾	13⅛	— 1⅛
Venirex			436	⅛	⅛	⅛	
VenCty	†		448	7¾	7	7¾	
Venturn			20	8½	7½	7½	
Verilne			5667	21¼	18⅛	19¾	— ¼
VIFIn	1.00	10.8	1863	9⅝	9	9½	— ½
Versa	.24	2.0	174	13½	11¼	11¾	— 1¼
VertexC			379	6½	5½	5¾	— ⅜
Vestar			908	3	2⅞	2⅞	
Vicor			1624	15	14⅛	14⅝	+ ⅛
Vicorp			6450	27⅞	23	23½	— 4¼
VictBn			47	8⅛	7½	8¼	
VictCr			40	4	4	4	
VidDsp			263	3⅝	3⅜	3⅜	— ⅜
Vidmrk			1558	8⅞	8⅜	8¼	— ⅜
VlaDeFr			133	1⅞	1⅝	1⅝	— ⅛
VieloBc			12	4⅝	4¼	4⅜	— ⅜
Viking			1302	13¼	12⅛	12¼	— 1¼
Vikonic			1123	5⅞	3⅞	4⅝	— ⅜
VIIIFinl			1134	9⅞	8¾	8¾	
VIISoM	.15	1.0	71	15¼	15	15¼	+ ¼
Vinland			42		½	½	
Viratek			746	3⅝	2¾	3⅝	+ ⅝
VaBch s	.16	4.9	454	3⅞	3⅛	3⅛	— ⅜
VistaOr			261	⅝	⅝	⅝	
VistaLP			1427	2⅝	2	2⅛	+ ⅛
Vitalnk			11506	8⅞	7⅛	7⅞	— 1
Vivigen			611	14¼	12	12½	— 2½
Voltlnf			78	13½	11¼	12	— 1½
Volvo	2.14e	3.8	289	61¾	57	57	— 2
W							
WD 40	1.72a	6.2	403	29¼	27½	27¾	— 1½
WLR Fd	.30	1.7	133	19	18	18	— 1
WPP Gp	.93e	4.4	1301	24	20⅝	21⅛	— 1½
WSMP			157	5¾	5¼	5¾	
WTD			1209	3¼	3	3	— ⅛
WalnBk			65	7⅜	7¼	7¼	
Walbro	.40	2.7	444	15¼	13¼	14⅝	— ⅜
WlkrTel			188	⅝	⅝	⅝	
vlWallSd			83	¾	½	½	+ ⅛
Walshr	.20	2.4	20	8½	8½	8½	+ ⅛
WaltCp	.48	8.3	121	5¾	5	5⅛	+ ⅛
WrhseC			165	1⅝	1⅜	1½	
Warren			115	2¼	1¾	2	+ ⅛
WshBcp	.07l		42	5	4⅛	4¼	— ⅛
WBcDC	.07l		1921	1⅛	⅞	⅞	— ⅛
WashEn	1.34	6.7	3494	20⅝	19½	20¼	+ ¼
WFSL s	.96	3.4	4160	28½	27⅜	28⅛	— ⅛
WshFOr	.30	3.2	415	11⅜	9½	9½	— 2¼
WshFDC			164	3⅛	2⅜	2⅝	— ⅜
WMSB	.44	3.0	6361	15⅝	14	14⅝	— 1⅛
WMSB pf	3.75	9.3	70	41¾	40½	40½	— 1½
WshSvg			15	1⅛	1⅛	1⅛	+ ⅛
WshSci	.20	3.1	141	6½	5¾	6½	+ ½
WatfdW	.12e	2.1	104	6¾	5¾	5¾	— ⅜
Watrhse	.12e	2.4	2	5	5	5	
Wattsind	.20	.5	1029	42⅜	36⅜	38¼	— 4⅛
WausP	.69b	1.8	421	41¼	37½	38½	— 2
Waver	.40	2.1	73	20⅛	19¼	19¼	— ⅛
Wavetk			417	4⅝	4¼	4¼	— ⅜
WbstFn	.52	7.6	789x	7⅛	6¾	6⅞	— ⅛
Wegenr			392	1⅛	⅞	1⅛	— ⅛
WeisTr	.40	2.4	424	17½	17	17	— ¾
Weltek			7295	16½	12¼	14	— 2½
Wellgtn	.15e	1.5	75	10⅝	10	10	— 1
Werner	.12	.8	1315	18	15	15	— 3
Wesbnc	1.30	4.3	31	31	30¼	30⅛	+ 1⅛
WstCst			153	2⅛	1⅜	1⅜	
WtMass	.28	4.9	163x	5⅞	5¼	5⅞	
WstOne s	.88	3.7	428	24⅜	23½	23⅝	— ¼
Westcot			463	11¼	9¼	9¼	— 1½
Wstrbke			5	1¼	1¼	1¼	
WtBank			121	13¾	11½	11⅜	+ ⅛
WstCap			2754	4⅞	3¼	3½	— ⅜
WnFncl			7	1¼	1⅛	1¼	— ⅛
WFdPR	.80a	5.4	170	14¾	14⅜	14¾	+ ⅛
WnWst s			1115	21½	17¾	18	
WMicTc			200	5¼	4⅞	5¼	+ ⅜
WMicr			296	1½	1	1	— ½
WstnPb			6078	17⅝	16⅞	17¼	+ ¼
Wstmrk			16264	31¼	27¼	27¾	— 3½
WmorC	.16e	.6	439	26	25	25¾	+ ½
Weston			1619	9⅞	8	8⅛	— 1½
WstpBc			73	6⅞	5⅜	6⅛	
WstwOn			3623	6½	5¼	5½	— ⅞
WetSeal			5561	17⅛	15⅝	16⅛	— 1⅛
Wettra	.60	1.8	3282	33⅝	32½	32⅝	— ⅞
WetrPr	.60e	4.4	502	13¾	13¼	13½	+ ⅛
Weyco s	.60	2.0	39	31	30	30	— 2
Wharf			730	5¼	5⅛	5½	+ ¼
Whiclub			8778	18	14¼	15	— 2⅞
Wicat			5569	4⅝	4⅛	4⅝	— ⅛
Wiland			123	2½	2	2	— ½
Wily J A	1.10	2.8	238	42½	40	40	— 2
Willamt	1.60a	3.2	1164	51	49¾	50¼	+ ¼
WillW	.68	4.6	244	14¾	14¼	14¾	
Willml			63	10⅛	9⅝	9½	— 1
WmSon s			3772	26½	23¾	24¼	— 2⅛
WilmTr	1.44	3.7	2667	42¾	39	39	— 3⅛
WisSGs	1.18b	3.4	10	35¼	34½	34½	— ½
WiserO	.40	2.0	1859	21	19⅝	20⅛	+ ⅛
WolfFn			580	6½	5¾	6	
Wolohn	.28b	1.6	1473	18	16½	17	— ¾
WlvExp			10496	8⅝	7¾	7⅞	— ⅜
WlvEx pf			973	23¼	22½	22½	— ⅝
Wolv wt			1169	4⅝	3⅞	4	— ⅝
Woodhd	.68	4.4	409	16	15¼	15½	
Wordst			1538	1⅛	⅞	⅞	— ¼
WrkCap			361	12	10¾	10⅞	— 1½
WWTch			762	1	½	½	— ½
Worthg	.60	2.6	4234	24	22⅝	23	+ ⅜
Wyman	.80	6.0	2519	13¼	12½	13¼	+ ⅝
WyomNt	.12l		15	17⅛	17½	17½	— ⅛
X							
XL Dta			4198	14	13	13½	+ ½
XOMA			13716	25⅝	21¾	23¼	— 2½
XeRite	.12	1.3	271	10⅜	9¼	9¼	— 1
Xicor			1451	3⅝	2⅝	2⅞	
Xilinx			5018	15⅛	13¼	13½	— 1⅛
Xplor	.07e	.9	424	7⅝	6½	7⅝	+ ⅝
Xscribe			1644		½	½	+ ⅛
Xylogic			59	7⅜	6⅞	6⅞	— ⅜
Xyvsn			285	1⅞	1¼	1¼	— ⅜
Y							
YanEnS	1.52e	7.8	555	20	19½	19½	— ½
YelowF	.82	3.2	6687	28⅛	25⅛	25¾	— 1⅝
YesClth			909	9	7	7¼	— 1⅝
YorkFn	.68b	6.3	447	12¼	10	10¾	— 1
YorkRs			8476	14½	9⅞	11¼	— 2⅜
Z							
Z Sevn	.36e	2.5	81	15	14	14½	— ⅜
Zeos			1871	22¼	17½	18⅞	— 2⅞
Zeus			14	1⅞	1⅞	1⅞	— ⅛
Ziegler	.52a	3.7	258	15	14	14	
ZionUt	1.44	4.8	1374	30½	28½	29¾	+ ¾
Zitel			787	6⅛	5⅜	5½	— ½
Zycad			1925	1	⅞	⅞	— ⅛
Zygo			90	5½	4¾	5	
Zymos			713	⅞			

CHICAGO EXCHANGE OPTIONS

Figures as of close of trading Friday, August 3.

Option & price		Calls		Puts	
		Aug	Sep	Aug	Sep
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total Volume: 895,015
Open Interest: 4,604,116
r—Not traded. s—None offered. o—Old.

AMERICAN EXCHANGE OPTIONS

Figures as of close of trading Friday, August 3.

Option & price		Calls		Puts	
		Aug	Sep	Aug	Sep
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total Volume: 271,783
Open Interest: 2,420,455
r—Not traded. s—None offered. o—Old.

MONDAY SPORTS

The Little Girl and the Big Board

Fu, an 11-Year-old Diver From China, Is Star of Goodwill Games

The Associated Press

SEATTLE — At 4 feet, 6 inches and 75 pounds (1.4 meters and 34 kilograms), Fu Mingxia barely makes a ripple when she hits the pool. But she made a big splash as the Goodwill Games neared their end.

Fu, an 11-year-old from China, became the youngest gold medalist at the Goodwill Games as she won the women's 10-meter platform competition on Saturday night.

Fu took the lead on the first of the eight dives here, an inward 1½ somersault in a pike position. She held the lead throughout the competition, which she won by scoring 443.04 points.

Soviet divers took the other two medals. Elena Miroshina got the silver at 433.59 points and Inga Afonina the bronze at 430.53.

Fu, smiling through her braces, said she started training in gymnastics at age 5 and switched to diving at 7. She began practicing the platform, the most spectacular of the diving events, just two years ago.

"She's practiced hard and she's taken all the orders from her coaches very well," said one of those coaches, Yu Fen.

Fu attributed her success to "hard practice and diligent study."

It was the fourth gold medal for the Chinese in five diving events at the Goodwill Games. Gao Min won the women's three- and one-meter springboard golds and Tan Liangde finished first in the men's three-meter springboard.

In other competition on Saturday, the penultimate day of the games, Kristi Yamaguchi of the United States won the women's figure skating gold by beating the world champion, American Jill Trenary, in the long program. World champions Marina Klimova and Sergei Ponomarenko won the ice dance, with another Soviet pair, Maia Usova and Alexander Zhulin, getting the silver.

In men's volleyball, Italy took the gold medal with a 9-15, 15-7, 15-7, 15-10 victory over the Soviet Union. Cuba, the World Cup champion, gained the bronze with a 15-5, 15-11, 15-5 victory over the United States.

In boxing, Felix Savon, the world amateur heavyweight champion from Cuba, took a 5-0 decision over Yevgeni Sudakov of the Soviet Union. The Cubans won another gold, as Orestes Solano got a 4-1 decision over Sven Ottke of West Germany at 165 pounds.

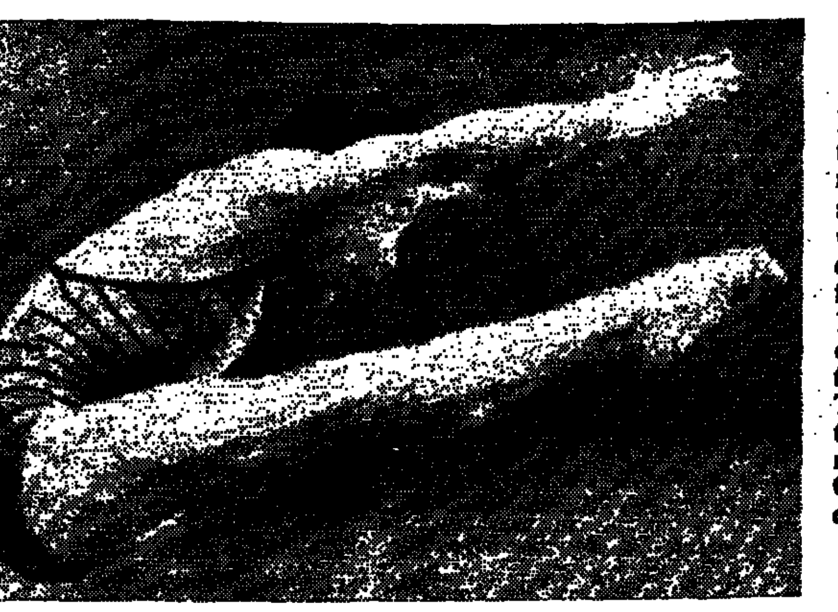
Two golds in boxing went to American fighters. At 119 pounds, Sergio Reyes of the United States won a 3-2 decision over Serafim Todorov of Bulgaria and, at 112 pounds, Tim Austin won a 3-2 decision over Dzhambulat Mutayev of the Soviet Union.

The United States had five more boxers in finals on Sunday.

In ice hockey, the United States and the Soviet Union advanced to a rematch in the gold medal game. The U.S. team won a rare international shootout over Canada, 5-4, and the Soviets beat Sweden, 4-1, in the semifinals.

Earlier in the Goodwill Games, the Soviets beat the U.S. team, 10-1.

Goaltender Guy Hebert stopped all four Canadian shots in the shootout as the teams took turns firing point-blank at the net. The shootout followed a 10-minute scoreless period. The score was 4-4 after regulation, and the U.S. team was awarded a fifth goal for winning the shootout.



Fu Mingxia became the youngest competitor to win a gold medal at the Goodwill Games with her performance off the 10-meter platform in Seattle. The 11-year-old Chinese diver said she took up the sport at the age of 7, after training for two years as a gymnast. The Goodwill Games were to conclude on Sunday.

Pat Sullivan/Associated Press

In women's basketball, teams from the United States and the Soviet Union won semifinal games and advanced to the gold-medal game on Sunday. The Soviets beat Brazil, 94-87, and the Americans routed Bulgaria, 106-67.

With only one day left in the games, the sports minister of the Soviet Union, Nikolai Rusak, joined Ted Turner in pronouncing the extravaganza a success, despite low television ratings that will cost Turner's TBS cable network as much as $26 million.

"The first time that the Goodwill Games were broadcast in 1986 from Moscow, the impression was that the Soviet Union was the enemy," said the sports minister. "Now the situation is greatly different. That image is almost entirely destroyed."

Turner, the founder of the Goodwill Games, said he expected a decision from the TBS board within six weeks on whether to continue the network's participation in the international sporting event.

"Yes, we did lose some money," said Turner, adding that he could not yet put a figure on the loss. "But in my opinion it's a reasonable down payment to an event that will grow in stature and at some point break even."

Lakers' Cooper Seen as Next for Il Messaggero

The Associated Press

ROME — Michael Cooper, a guard with the Los Angeles Lakers of the National Basketball Association, is reported close to signing with Il Messaggero Roma of the Italian league.

Cooper, known for his defense and ability to make shots from three-point range, has played 12 seasons with the Lakers.

Corriere Dello Sport reported Saturday that Il Messaggero had offered Cooper, 34, a $900,000-a-year contract. The paper, as well as La Gazzetta dello Sport, said the deal hinged on whether the Lakers matched the offer.

Il Messaggero last week signed Dino Radja of Yugoslavia.

There was no comment from the Lakers, who did make one move: Orlando Woolridge, a reserve forward, was traded to the Denver Nuggets for two selections in the second rounds of future drafts, one in 1993 and one in 1995.

SCOREBOARD

GAMES

Goodwill Results

BASKETBALL
Women
Classification Round
Australia 64, Czechoslovakia 63
South Korea 80, Canada 60
Semifinal Round
United States 106, Bulgaria 67
Soviet Union 94, Brazil 87

ICE HOCKEY
Seventh Place
West Germany 4, Switzerland 2
Fifth Place
Czechoslovakia 8, Finland 4
Semifinals
United States 5, Canada 4, SO
Soviet Union 4, Sweden 1

VOLLEYBALL
Men
Classification Round
Netherlands 3, Brazil 0 (15-9, 15-3, 15-2)
France 3, Argentina 2 (16-14, 10-15, 7-15, 16-14, 17-16)
Semifinals
Soviet Union 3, Cuba 2 (12-15, 8-15, 15-10, 15-12, 15-10)
Italy 3, United States 1 (15-5, 13-15, 15-12, 15-8)
Fifth Place
Netherlands 3, France 2 (16-17, 15-7, 15-10, 11-15, 15-13)
Bronze Medal
Cuba 3, United States 0 (15-5, 15-11, 15-5)
Gold Medal
Italy 3, Soviet Union 1 (9-15, 15-7, 15-7, 15-10)
Seventh Place
Argentina 3 Brazil 1 (15-10, 15-11, 14-16, 15-4)

DIVING
Men
1-Meter Springboard
1, Sergei Lomonovski, Soviet Union, 597.00 points. 2, Tan Liangde, China, 578.04. 3, Mark Bradshaw, U.S., 577.05.
Women
10-Meter Platform
1, Fu Mingxia, China, 443.04 points. 2, Elena Miroshina, Soviet Union, 433.59. 3, Inga Afonina, Soviet Union, 430.53.

FIGURE SKATING
Men
Freestyle
1, Kurt Browning, Canada, 1.0. 2, Viktor Petrenko, Soviet Union, 2.0. 3, Todd Eldredge, U.S., 3.0.
Final Standings
1, Browning, 2.0. 2, Petrenko, 2.5. 3, Eldredge, 5.5.
Pairs
Freestyle
1, Ekaterina Gordeeva and Sergei Grinkov, Soviet Union, 1.0. 2, Natalia Mishkutenok and Artur Dmitriev, Soviet Union, 2.0. 3, Elena Bechke and Denis Petrov, Soviet Union, 3.0.
Final Standings
1, Gordeeva and Grinkov, 1.5. 2, Mishkutenok and Dmitriev, 3.0. 3, Bechke and Petrov, 4.5.

FIGURE SKATING
Women
Free Dance
1, Kristi Yamaguchi, U.S., 1.0 factored placements. 2, Jill Trenary, U.S., 2.0. 3, Karen Preston, Canada, 3.0.
Final Standings
1, Yamaguchi, 2.5. 2, Trenary, 2.5. 3, Surya Bonaly, France, 6.0.
Ice Dancing
Free Dance
1, Marina Klimova and Sergei Ponomarenko, Soviet Union, 1.0. 2, Maia Usova and Alexander Zhulin, Soviet Union, 2.0. 3, Susan Wynne and Joseph Druar, U.S., 3.0.
Final Standings
1, Klimova and Ponomarenko, 2.0. 2, Usova and Zhulin, 4.0. 3, Wynne and Druar, 6.6.

JUDO
Men
Extra Lightweight (60kg)
Repechage
Shigeto Yamazaki, Brazil, def. Hitoshi Noguchi, Japan, seoi-nage, 5:00; Rolf Wylenzek, West Germany, def. Eddie Liddie, U.S., yuko-chui, 5:00.
Final
Amiran Totikashvili, Soviet Union, def. Batgulga Dashgombyn, Mongolia, yusei-gachi, 5:00.
Half Lightweight (65kg)
Repechage
Marco Antonio Da Costa, Brazil, def. Davor Vlaskovak, West Germany, uchi-mata sukashi, 5:00; Yosuke Yamamoto, Japan, bye.
Final
Hyo San Kim, South Korea, def. James Pedro, U.S., seoi-nage, 5:00.
Lightweight (71kg)
Repechage
Group A
Vladimir Dgebuadze, Soviet Union, def. Sergio Ricardo Oliveira, osae-komi, yokoshiho-gatame, 4:57.
Group B
Bertalan Hajtos, Hungary, def. Stefan Dott, West Germany, ippon seoi-nage, 5:00.
Final
Yukiharu Yoshitaka, Japan, def. Michael Swain, U.S., ippon seoi-nage, 4:51.
Half Middleweight (78kg)
Repechage
Group A
Hartley Jones, Canada, def. David Southby, Britain, keso-gatame, 5:00.
Group B
Han Lee, South Korea, bye.
Final
Bashir Varaev, Soviet Union, def. Fumitaka Kaburagi, Japan, uchi-mata, 1:40.
Middleweight (86kg)
Repechage
Group A
Jurgen Hoffman, West Germany, def. David Faulkner, U.S., okuri-eri-jime, 3:13.
Group B
Vladimir Shestakov, Soviet Union, def. Ben Spijkers, Netherlands, tawara-gaeshi, 5:00.
Final
Hirotaka Okada, Japan, def. Waldemar Legien, Poland, ippon seoi-nage, 4:13.
Half Heavyweight (95kg)
Repechage
Group A
Katsuhiko Akiyama, Japan, def. Leo White, U.S., penalty, 5:00.
Group B
Koba Kurtanidze, Soviet Union, bye.
Final
Detlef Knorrek, West Germany, def. Jang Ki Baek, South Korea, yusei-gachi, 5:00.
Heavyweight (95kg-plus)
Repechage
Group A
Hirotoshi Watanabe, Japan, def. Rafael Kubacki, Poland, tani-otoshi, 5:00.
Group B
Jose Mario Nery, Brazil, def. James Bacon, McCall, U.S., yusei-gachi, 5:00.
Final
Sergei Kosorotov, Soviet Union, def. Fran Esteban Garcia, Brazil, juji-gatame, 2:41.

Women
Half Middleweight (56kg)
Repechage
Tateno Chiyori, Japan, def. Marina Nevdashchenko, Soviet Union, yusei-gachi, 4:00; Kate Donahoo, U.S., def. Nathalie Gosselin, Canada, ouchi-gari, 4:00.
Final
Sun Yong Chung, South Korea, def. Nicola Fairbrother, Britain, uchi-mata, 4:00.
Middleweight (61 kg)
Repechage
Group A
Chie Ishii, Brazil, def. Lynn Roethke, U.S., osae-komi, ushiro-kesa-gatame, 2:15.
Group B
Kimiko Yamada, Japan, def. Silvia Ramirez, Mexico, uchi-mata, 1:30.
Final
Elena Petrova, Soviet Union, def. Diane Bell, Britain, kosoto-gari, 2:40.

YACHTING
Men
Sailboarding
1, Grzegorz Myszkowski, Poland, 36.4 points. 2, Scott Steele, U.S., 40.4. 3, Fernandez Asier, Spain, 47.0.
470 Class
1, Canada (Nigel Cochrane and Jeff Eckard), 29.7. 2, Soviet Union (Tynu Tyniste and Tomas Tyniste), 38.8. 3, Japan (Kenji Nakamura and M. Takahashi), 45.4.
Finn
1, Brian Ledbetter, U.S., 28.7. 2, Stig Westergaard, Denmark, 55.4. 3, Peter Holmberg, Virgin Islands, 60.0.
Women
Sailboarding
1, Mirela Casas, Spain, 30.4. 2, Barbara Kendall, New Zealand, 40.7. 3, Penny Way, Britain, 41.7.
Class
1, United States (Jody Swanson and Cory Fischer-Sertl), 20.4. 2, Soviet Union (Larisa Moskalenko and Yelena Pakholchik), 35.4. 3, West Germany (Susanne Meyer and Katrin Adlkofer), 42.1.

BOXING
Gold Medal
Flyweight (112 pounds)
Tim Austin, U.S., dec. Dzhambulat Mutayev, Soviet Union, 3-2.
Bantamweight (119 pounds)
Sergio Reyes, U.S., dec. Serafim Todorov, Bulgaria, 3-2.
Lightweight (132 pounds)
Artur Grigoryan, Soviet Union, dec. Julio Gonzalez, Cuba, 3-2.
Welterweight (147 pounds)
Francisco Vastag, Romania, dec. Raul Marquez, U.S., 4-1.
Middleweight (165 pounds)
Orestes Solano, Cuba, dec. Sven Ottke, West Germany, 4-1.
Heavyweight (201 pounds)
Felix Savon, Cuba, dec. Yevgeni Sudakov, Soviet Union, 5-0.

Goodwill Medal Table
(Through Aug. 4, 177 medal events)

	G	S	B	Tot
Soviet Union	61	65	49	175
United States	57	49	43	149
East Germany	10	7	22	40
Bulgaria	8	7	8	23
China	6	6	3	15
West Germany	4	3	8	15
Japan	2	3	10	15
Cuba	6	4	3	13
Canada	4	1	6	11
Romania	2	4	2	8
Spain	3	2	2	7
South Korea	3	2	2	7
Netherlands	1	1	5	7
Australia	0	4	3	7
Brazil	0	1	6	7
Hungary	1	1	4	6
Poland	4	1	0	5
Italy	2	2	1	5
Jamaica	1	1	2	4
Britain	0	2	2	4
Yugoslavia	2	1	0	3
Denmark	1	1	1	3
Turkey	0	2	1	3
Mongolia	1	1	0	2
Ethiopia	0	2	0	2
New Zealand	0	2	0	2
Kenya	0	1	1	2
Czechoslovakia	1	0	0	1
Mexico	1	0	0	1
Morocco	1	0	0	1
Surinam	1	0	0	1
Bahamas	0	1	0	1
France	0	0	1	1
Ireland	0	0	1	1
Virgin Islands	0	0	1	1

RUGBY

Rugby's Big Eight

Last 10 tests among the eight

	W	D	L	Tries
1. New Zealand	10	0	0	43
2. England	6	1	3	20
— Scotland	6	1	3	20
4. Australia	4	0	6	26
5. France	4	0	6	19
6. Argentina	3	1	6	5
7. Ireland	2	0	8	12
8. Wales	1	0	9	7

SATURDAY'S RESULTS
New Zealand 27, Australia 17
First half: Try by New Zealand hooker Sean Fitzpatrick, converted by flyhalf Grant Fox. Try by Australian center Tim Horan. Dropped goal and two penalty goals by Fox. Penalty goal by Australian flyhalf Michael Lynagh.
Second half: Try by New Zealand No. 8 Zinzan Brooke, converted by Fox. Penalty goal by Lynagh. Try by New Zealand scrum-half Graeme Bachop, converted by Fox. Dropped goal by Lynagh. Try by Australian flanker Viliame Ofahengaue.
Argentina 15, England 13
First half: Penalty goal by Argentine wing Hernan Vidou. Try and conversion by English fullback Simon Hodgkinson. Penalty goal by Vidou. Try by English wing Nigel Heslop. Penalty goal by Vidou.
Second half: Penalty goal by Vidou. Penalty goal by Hodgkinson. Penalty goal by Vidou.
Next Test (Aug. 18)
Wellington: New Zealand-Australia

TENNIS

MEN
Volvo Tennis-Los Angeles
Singles Semifinals
Stefan Edberg (1), Sweden, def. Pete Sampras (3), U.S., 6-2, 6-7 (7-2), 6-1; Michael Chang (4), U.S., def. Gary Muller (7), South Africa, 7-6 (7-4), 6-2.
Austrian Open
Singles Semifinals
Karel Novacek (7), Czechoslovakia, def. Horst Skoff (6), Austria, 6-4, 4-6, 6-4; Horacio de la Pena, Argentina, def. Emilio Sanchez (3), Spain, 7-5, 7-6 (7-5).
Final
Horacio de la Pena, Argentina def. Karel Novacek (7), Czechoslovakia 6-4, 7-6 (7-4), 2-6, 6-2.
WOMEN
Canadian Open
Singles Semifinals
Steffi Graf (1), West Germany, def. Nathalie Tauziat (7), France, 6-2, 6-2; Katerina Maleeva (3), Bulgaria, def. Gabriela Sabatini (2), Argentina, 6-3, 6-4.

BASEBALL

Major League Standings

AMERICAN LEAGUE

East Division	W	L	Pct.	GB
Boston	58	48	.547	—
Toronto	56	51	.523	2½
Baltimore	53	54	.495	5½
Detroit	51	58	.468	8½
Cleveland	49	57	.462	9
Milwaukee	45	60	.429	12½
New York	41	64	.390	16½
West Division				
Oakland	67	41	.620	—
Chicago	62	41	.602	2½
Texas	56	50	.528	10
Seattle	56	52	.519	11
California	52	56	.481	15
Minnesota	51	57	.472	16
Kansas City	49	57	.462	17

NATIONAL LEAGUE

East Division	W	L	Pct.	GB
New York	61	42	.592	—
Pittsburgh	61	42	.592	—
Montreal	55	52	.514	8
Philadelphia	50	53	.485	11
Chicago	50	57	.467	13
St. Louis	48	59	.449	15
West Division				
Cincinnati	61	44	.581	—
San Francisco	58	48	.547	3½
Los Angeles	53	52	.505	8
San Diego	48	57	.457	13
Houston	46	61	.430	16
Atlanta	40	64	.385	20½

Friday's Line Scores

AMERICAN LEAGUE
Minnesota 000 002 000 000 4—6 12 1
Seattle 000 100 100 000 0—2 9 1
(13 innings)
Erickson, Berenguer (7), Aguilera (10) and Ortiz; Young, Comstock (8), Jackson (9), Schooler (10), Harris (13) and Valle. W—Aguilera, 4-3. L—Schooler, 1-3. HRs—Minnesota, Harper (6), Bush (4).
Cleveland 100 001 200—4 6 2
New York 200 000 04x—6 3 2
Candiotti, D. Jones (8) and Skinner; Cary, Guetterman (6) and Geren, Dorsett (9). W—Guetterman, 7-4. L—Candiotti, 11-7. HR—New York, Hall (10).
Kansas City 000 010 000—1 7 1
Baltimore 322 104 01x—14 14 2
Gordon, Encarnacion (3), Crawford (6), M.Stottlemyre (8) and MacFarlane; Mitchell, Weston (7) and Tettleton. W—Mitchell, 4-3. L—Gordon, 4-8. HRs—Baltimore, C. Ripken 2 (13), Orsulak (10), Horn (9).
Detroit 010 012 010—5 16 2
Boston 701 031 20x—14 18 0
J. Robinson, Gibson (1), Porter (5), Henneman (8) and Salas; G. Harris, Je. Reed (6), Hesketh (9) and Pena. W—G. Harris, 9-4. L—J.Robinson, 8-9. HRs—Detroit, Fielder (34). Boston, Burks (13), Pena (5), Naehring (2).
Toronto 001 000 000—1 3 2
Texas 001 010 70x—9 10 0
Wells, Acker (7), Blair (8); Moyer and Jo. Russell. W—Moyer, 1-3. L—Wells, 7-3. HR—Texas, Buechele (5).
Chicago 000 000 320—5 9 1
Milwaukee 010 000 010—2 7 0
Hibbard and Fisk; Knudson, Fossas (8), Veres (8), Mirabella (9) and Surhoff. W—Hibbard, 9-5. L—Knudson, 8-5. HRs—Chicago, Calderon (10). Milwaukee, Yount (11).
Oakland 000 002 510—8 12 1
California 011 220 000—6 11 2
Sanderson, R. Harris (4), Klink (7), Nelson (7), Eckersley (8) and Steinbach; Abbott, Fraser (7) and Parrish. W—R. Harris, 1-0. L—Fraser, 2-3. Sv—Eckersley (34). HRs—Oakland, D. Henderson (18), McGwire (28). California, Winfield (14), Stevens (3).
NATIONAL LEAGUE
Montreal 001 003 000—4 7 1
Chicago 420 011 00x—10 17 0
Gardner, Mohorcic (2), Rojas (6), Sampen (9) and Goff; Harkey, Assenmacher (6), Williams (9) and Girardi. W—Harkey, 10-5. L—Gardner, 6-6. HRs—Montreal, Goff (2), Walker (12). Chicago, Salazar (9).
San Diego 011 000 001—3 7 1
Cincinnati 001 000 010—2 6 0
Hurst, G. Harris (8), Lefferts (9) and Lampkin; Armstrong, Dibble (8) and Oliver, J. Reed (9). W—G. Harris, 6-5. L—Dibble, 4-3. Sv—Lefferts (15). HR—Cincinnati, Sabo (21).
Pittsburgh 322 120 000—10 18 0
Philadelphia 000 000 000—0 1 1
Drabek and Slaught; Ruffin, Carman (2), Parrett (3), Cook (6), Boever (8), R.McDowell (9) and Daulton. W—Drabek, 14-4. L—Ruffin, 6-11. HRs—Pittsburgh, Bream (11), Van Slyke (12).
Atlanta 000 000 000—0 3 1
Houston 002 000 01x—3 7 0
Smoltz, Grant (6) and Whitt; Scott and Biggio. W—Scott, 9-10. L—Smoltz, 7-8.
New York 010 000 103—5 10 0
St.Louis 010 000 210—4 9 1
Cone, Ojeda (7), Machado (8), Franco (9) and Sasser, Mercado (7), Trevino (9); DeLeon, DiPino (8), L.Smith (8) and Zeile, Pagnozzi (8). W—Machado, 4-1. L—L.Smith, 3-3. Sv—Franco (24). HR—New York, Boston (8).
Los Angeles 330 004 100—11 17 0
San Francisco 011 000 000—2 6 3
R. Martinez and Scioscia; Garrelts, Hammaker (2), O'Neal (6) and Kennedy, Bathe (9). W—R. Martinez, 14-4. L—Garrelts, 9-8. HR—San Francisco, Mitchell (26).

Saturday's Line Scores

AMERICAN LEAGUE
Detroit 000 100 000—1 9 0
Boston 000 011 10x—3 8 0
Searcy and Heath; Clemens, Murphy (9) and Marzano. W—Clemens, 15-5. L—Searcy, 1-3. Sv—Murphy (6).
Kansas City 042 000 201—9 13 0
Baltimore 000 000 100—1 6 0
McGaffigan, Farr (7), Montgomery (9) and Macfarlane; Harnisch, Williamson (2), Ballard (5), Price (9) and Tettleton. W—McGaffigan, 3-0. L—Harnisch, 9-6. HRs—Kansas City, MacFarlane (4), Tartabull 2 (10), Brett (8).
Cleveland 210 004 523—17 18 0
New York 000 120 000—3 4 0
Black, C.Ward (8), Olin (9) and Alomar, Skinner (9); Leary, M.Leiter (7), J. Jones (7), Geren, Dorsett (9). W—Black, 10-6. L—Leary, 5-14. HRs—Cleveland, D. James (1), Snyder (13), Maldonado (16), Manto (1).
Toronto 000 020 000—2 5 0
Texas 102 000 00x—3 8 0
T. Stottlemyre, D. Ward (8) and Myers, Borders (7); B. Witt and Petralli. W—B. Witt, 10-8. L—T. Stottlemyre, 10-12.
Chicago 010 106 001—9 10 3
Milwaukee 001 010 040—6 11 3
Peterson, Patterson (8), Jones (8), Thigpen (8) and Fisk; Krueger, Edens (6), Plesac (9) and Surhoff. W—Peterson, 2-3. L—Krueger, 5-7. Sv—Thigpen (35). HRs—Chicago, Sosa (10), Calderon (11).
Minnesota 000 200 001—3 5 0
Seattle 000 001 111—4 8 0
Tapani, West (6), Leach (6), Savage (9) and Harper, Ortiz (9); Johnson, Jackson (9) and Bradley. W—Jackson, 5-3. L—Savage, 0-1.
Oakland 100 003 010 000—5 11 0
California 000 500 000 001—6 11 2
Moore, Honeycutt (8), Burns (9), Klink (12) and Hassey, Steinbach (7); Grahe, Cl. Young (6), Harvey (8), Eichhorn (11) and Parrish. W—Eichhorn, 2-4. L—Burns, 2-3.
NATIONAL LEAGUE
Los Angeles 000 010 000—1 2 0
San Francisco 100 100 00x—2 6 0
Morgan, Searage (8), Gott (8) and Dempsey; Wilson and Carter. W—Wilson, 7-3. L—Morgan, 9-10. HRs—Los Angeles, Brooks (13). San Francisco, Williams (21).
New York 001 001 103—6 12 0
St. Louis 000 203 02x—7 10 0
Gooden, Whitehurst (7) and Sasser, Trevino (8); Hill, Dayley (7), Niedenfuer (9), DiPino (9) and Zeile. W—Hill, 2-1. L—Gooden, 11-6. Sv—DiPino (3). HRs—New York, Teufel (4), H. Johnson (16). St. Louis, Guerrero (12), Hudler (3).
Pittsburgh 001 000 000 2—3 9 0
Philadelphia 000 000 001 0—1 7 0
(10 innings)
Heaton, Belinda (7), Patterson (7), Power (10) and Slaught; Combs, R. McDowell (9) and Nieto, Daulton (8). W—Patterson, 8-3. L—R. McDowell, 3-5. Sv—Power (6). HR—Philadelphia, V. Hayes (11).
San Diego 200 000 100 04—7 12 1
Cincinnati 000 011 001 00—3 15 1
(11 innings)
Whitson, Lefferts (9), G.Harris (10) and Parent, Lampkin (10); Charlton, Myers (8), Mahler (10) and Oliver. W—G.Harris, 7-5. L—Mahler, 4-5. HRs—San Diego, J. Carter (18). Cincinnati, B. Hatcher (3), Quinones (1).
Montreal 010 000 001—2 9 2
Chicago [illegible]—10 14 0
Ke. Gross, S. Anderson (6) and Fitzgerald; Boskie, S.Wilson (7), Long (9) and Girardi. W—Boskie, 5-6. L—Ke. Gross, 8-9. HRs—Montreal, Walker (13). Chicago, Dawson (21).
Atlanta 100 100 000—2 6 1
Houston 100 300 00x—4 11 1
Leibrandt, Luecken (7) and Olson; Deshaies and Biggio. W—Deshaies, 5-9. L—Leibrandt, 4-5. HRs—Atlanta, Cabrera (3). Houston, Wilson (9).

Japanese Leagues

Central League

	W	L	T	Pct.	GB
Yomiuri	58	32	0	.644	—
Taiyo	43	42	2	.506	12½
Chunichi	44	45	1	.494	13½
Hiroshima	40	43	1	.482	14½
Yakult	39	47	0	.454	17
Hanshin	37	52	0	.416	20½

Pacific League

	W	L	T	Pct.	GB
Seibu	53	26	4	.663	—
Orix	47	35	3	.571	8
Kintetsu	45	38	1	.542	10½
Nippon Ham	43	40	1	.518	12½
Lotte	29	46	2	.390	22½
Daiei	24	56	3	.307	30

SATURDAY'S RESULTS
Yomiuri 5, Hiroshima 1
Taiyo 6, Chunichi 5, 15 innings
Yakult 1, Hanshin 0, 10 innings
Kintetsu 3, Seibu 1
Orix 7, Lotte 5
Daiei 5, Nippon Ham 1
SUNDAY'S RESULTS
Hiroshima 4, Yomiuri 3
Taiyo 13, Chunichi 4
Hanshin 4, Yakult 2, 12 innings
Seibu 5, Kintetsu 2
Nippon Ham 4, Daiei 0
Orix 12, Lotte 3

FOOTBALL

Canadian League

Eastern Division	W	L	T	PF	PA	Pts
Winnipeg	3	1	0	111	87	6
Toronto	2	2	0	124	129	4
Ottawa	1	3	0	128	145	2
Hamilton	1	3	0	128	145	2
Western Division						
Calgary	3	0	1	142	114	7
Edmonton	2	2	0	147	130	4
Saskatchwn	2	2	0	115	144	4
Brit Clmb	1	2	1	110	138	3

FRIDAY'S RESULT
Calgary 40, Hamilton 25
SATURDAY'S RESULT
Toronto 30, Ottawa 26

GOLF

PLM Open

Final leading scores Sunday after the fourth round in the [illegible]-dollar tournament on the 6,300-meter (6,892-yard), par-72 Bokskogen course:

Ronan Rafferty, N. Ireland 64—67—70—69—270
Vijay Singh, Fiji 69—71—69—65—274
Bernhard Langer, W.Germ. 72—68—67—68—275
Fred Couples, U.S. 70—72—69—65—276
Ove Sellberg, Sweden 68—66—72—70—276
Rodger Davis, Australia 70—70—73—65—278
Jeffrey Pinsent, England 71—69—71—67—278
Chris Cookson, U.S. 68—71—72—67—278
Mike Clayton, Australia 73—70—65—72—280
Jean van de Velde, France 69—70—68—74—281

TRANSACTIONS

BASEBALL
American League
BOSTON—Put Jeff Reardon, pitcher, on 21-day disabled list, said he will miss rest of season with ruptured disc. Recalled Daryl Irvine, pitcher, from Pawtucket, International League.
CALIFORNIA—Bought contract of Joe Grahe, pitcher, from Edmonton, Pacific Coast League. Put Ron Tingley, catcher, on 15-day disabled list.
MILWAUKEE—Optioned Tony Fossas, pitcher, to Denver, American Association. Called up Mark Lee, pitcher, from Denver.
NEW YORK YANKEES—Activated Lee Guetterman, pitcher, from 15-day disabled list. Sent Alan Mills, pitcher, to Columbus, International League.

SOCCER

FRENCH FIRST DIVISION
Bordeaux 1 Lille 1
Brest 0 Rennes 0
Cannes 0 Auxerre 3
Olympique Marseille 2 Caen 1
Monaco 3 Montpellier 1
Nantes 1 Metz 1
Paris St Germain 4 Toulon 0
St Etienne 1 Nice 0
Sochaux 1 Nancy 0
Toulouse 3 Lyon 1
Standings: Monaco and Olympique Marseille 6 points, Paris St Germain, Toulouse and Rennes 4, Auxerre, Caen, Lille, Nantes, Brest, Lyon, Sochaux and St. Etienne 3

DENNIS THE MENACE



"MOM? HOW COME MEN ONLY MARRY *WIVES*?"

PEANUTS



BLONDIE



JUMBLE

THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

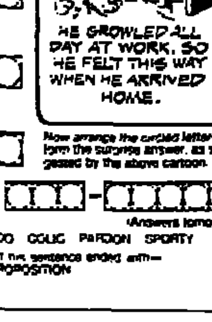
Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

EXIDO

TURBS

MODDEO

GRINTY



HE GROWLED ALL DAY AT WORK, SO HE FELT THIS WAY WHEN HE ARRIVED HOME.

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here:

(Answers tomorrow)

Saturday's Jumbles: IGLOO COLIC PARDON SPORTY
Answer: What the sentence ended with— A PROPOSITION

BEETLE BAILEY



DOONESBURY



ANDY CAPP



WIZARD of ID



REX MORGAN



GARFIELD



TO OUR READERS IN HOLLAND

The International Herald Tribune is now on newsstands throughout Holland every morning six days a week Monday-Saturday. If you have problems getting your copy, please contact: Edipress International B.V. P.O. Box 554, NL 2130 AN Hoofddorp Tel.: 02503-24024/Tx.: 41833/Fax: 02503-23880

MONDAY SPORTS

Seaver May Get Call as Yankee GM



Seaver: A "private" matter. AP

Compiled by Our Staff From Dispatches

NEW YORK — Tom Seaver, a pitching star with the New York Mets in the 1960s and 1970s, said he has talked with the New York Yankees regarding a "position with the club."

Seaver was responding to a report in Sunday's editions of the New York Daily News that he would be named general manager. He said he had spoken with the principal owner of the Yankees, George Steinbrenner.

Seaver, a three-time Cy Young Award winner, said the discussion took place on Thursday.

"We do not have a date for another meeting if, in fact, there will ever be one," Seaver said. "The gist of what we talked about is, in my opinion, private. As to the context of the discussion, I have no comment."

The Daily News reported that the appointment "is more than a rumor. It is all but a done deal."

Steinbrenner agreed to resign as general partner of the Yankees by Aug. 20 as punishment for his association with and payment to a gambler, Howard Spira. Steinbrenner has proposed that his son, Hank, become the general partner, but has not said if the team's front office would be restructured.

Pete Peterson, currently the Yankees general manager, would be Seaver's "nuts and bolts" man, the News reported. George Bradley, the team's vice president of baseball operations and the chief trader, would run the minor-league operations, the newspaper said.

Peterson, sitting in the team's dugout on Saturday, said that "I, myself, have no knowledge of anything like that. But I respect Tom Seaver."

■ Letter Raises Questions

Fay Vincent, the commissioner of baseball, said he has asked an attorney to review the letter in which Steinbrenner reportedly asked the limited partners of the Yankees to allow him to "remain akin to general partner" for "all financial, tax and other business purposes," The Washington Post reported.

Under the agreement that resulted in Steinbrenner's banishment from day-to-day control over the Yankees, Steinbrenner will be allowed to participate only in "extraordinary financial or business affairs" of the club, and he will need written permission from Vincent to do that.

Vincent said it seemed Steinbrenner's letter "didn't track the agreement" and he asked attorney Harold Tyler to look into the matter. "I don't think it's a big issue," Vincent said. "It's obvious the agreement covers that point."

"Maybe it was just sloppy legal work," Vincent said.

Steinbrenner's tax lawyer, Daniel McCarthy, told The Associated Press the letter was an attempt to smooth the transition when Steinbrenner moves from general to limited partner and was not an attempt to circumvent the restrictions.

(NYT, WP, AP)

On Rose, Pros and Cons

The Associated Press



Rose: Vincent says no. AP

COOPERSTOWN, New York — Fay Vincent, the baseball commissioner whose predecessor banished Pete Rose from baseball, has said that he agrees with the decision and suggested that he does not think Rose should be eligible for the Hall of Fame.

"Pete bet on baseball," Vincent told The Boston Globe while here for Hall of Fame induction ceremonies for pitcher Jim Palmer and infielder Joe Morgan. The ceremonies had been set for Sunday but rains forced a delay until Monday.

"There's no doubt, and anybody that has any doubt ought to read the record and watch additional information that's coming out, Vincent said. "There's just too many things that cannot be explained, and Pete has never explained any of them."

The decision to ban Rose from baseball was made by A. Bartlett Giamatti, who died shortly after announcing Rose's punishment last August. Rose, who at the time was managing the Cincinnati Reds, is baseball's all-time hits leader, with 4,256.

Rose was convicted this year of federal tax evasion and sentenced to five months in prison.

Baseball writers elect the members of the Hall of Fame, considering the character, integrity and sportsmanship of candidates, plus the player's contribution to the game.

"I think it should be as it is," Vincent said. "I think it's appropriate. This is an honor, not an invitation. Character and integrity are important assets, and absence of these can reflect poorly."

Eddie Matthews, a Hall of Famer, said that some members might boycott the Hall if Rose is kept out. Added Brooks Robinson: "If Pete was sitting next to me in the Hall of Fame, I would say Pete is here because of what he meant to the game.

"I think we've all got skeletons in the closet, but how do you define character? The more I think about it, the more I don't think character should be a part of it."

Tigers End Boston's Winning Streak at 6



Jim Davidson/The Associated Press

With one out in the 13th, Jeff Schaefer of Seattle dropped a potential double play ball, allowing Gary Gaetti of Minnesota to reach second. The Twins went on to score four runs, all unearned.

Compiled by Our Staff From Dispatches

Shortstop Tim Naehring made two errors in the fourth inning that led to three unearned runs as the Detroit Tigers beat the Red Sox, 7-2, Sunday in Boston.

The loss ended Boston's six-game winning streak. The Red Sox had outscored opponents by 49-16 in the winning streak, which lifted them past Toronto into the American League East lead.

Detroit went ahead by 3-0 in the fourth. Larry Sheets walked and Naehring fumbled Lloyd Moseby's potential double-play grounder for an error. Gary Ward followed with a grounder to second, but Naehring dropped Jody Reed's throw, loading the bases.

Dave Bergman then singled in two runs and Chet Lemon doubled in one. Bergman had three hits for Detroit.

White Sox 6, Brewers 1: In Milwaukee, Jack McDowell (7-6) pitched a five-hitter and Lance Johnson drove in three runs to help Chicago sweep the five-game series.

Milwaukee has lost eight consecutive games, all at home. It is the Brewers' longest losing streak since they dropped 12 straight in May 1987.

Ivan Calderon's RBI double in the first inning gave Chicago the lead. He is 15-for-44 this year against the Brewers, a .341 average.

Yankees 5, Indians 3: Roberto Kelly hit a two-run home run off Steve Olin in the ninth inning to give the Yankees the victory in New York.

Wayne Tolleson beat out a ground ball to second base for a single and Kelly followed with his ninth home run this season.

Reds 6, Padres 2: Jose Rijo gave up five hits over nine innings and Hal Morris and Billy Hatcher hit home runs as Cincinnati ended a three-game losing streak. The victory in the National League contest in Cincinnati was the second complete game of Rijo's career.

The Reds took a 1-0 lead in the second inning when Eric Davis doubled to end an 0-for-12 streak. He took third on a fly ball and scored on Mariano Duncan's groundout to short.

The Padres went ahead, 2-1, in the fourth. Garry Templeton doubled and Tony Gwynn walked. Jack Clark singled, but left fielder Billy Hatcher threw out Templeton at the plate. Gwynn and Clark advanced to third and second, and scored on Carter's double.

The Reds regained the lead for good, 4-2, in the fourth when Davis walked and Hal Morris homered. Duncan singled and took second on Jeff Reed's grounder to first. Rijo beat out a bunt, with Duncan taking third. Barry Larkin singled, scoring Duncan, but Larkin was thrown out at the plate.

Cubs 3, Expos 1: Mark Grace doubled home the tying run in the sixth inning and scored on Andre Dawson's triple, leading the Cubs to the three-game sweep in Chicago.

Montreal lost its fifth straight game. The Cubs won for the 15th time in 20 games.

Oil Can Boyd (6-4) had allowed only two hits when he walked Jerome Walton to open the sixth. One out later, Grace, who extended his hitting streak to 15 games with a double in the first, doubled down the right-field line to score Walton. Dawson followed with his triple high off the left-field wall.

BASEBALL ROUNDUP

Cardinals 8, Mets 3: John Tudor gave up six hits over eight-plus innings and Ozzie Smith got four hits, scored twice and drove in two runs in St. Louis.

Tudor (11-3) struck out six and walked one. He retired 10 consecutive batters between the second and fifth innings.

Phillies 8, Pirates 6: Von Hayes's two-run homer broke a sixth-inning tie and sent the Phillies to the victory in Philadelphia, ending a three-game winning streak by the Pirates.

Philadelphia twice overcame three-run deficits in ending a three-game losing streak.

Scott Ruskin (2-2) retired the first two batters in the sixth inning before walking Darren Daulton. Hayes hit the next pitch for his 12th home run of the year and second in two games, putting the Phillies ahead by 7-5.

In Saturday's games:

Giants 2, Dodgers 1: Brett Butler scored from second base when Hubie Brooks, the Dodgers' right fielder, thought Will Clark's fly ball was the third out of the first inning in San Francisco.

Butler singled, stole his 32d base and scored when Brooks held the ball after catching Clark's drive.

Padres 7, Reds 3: Joe Carter hit a grand slam with two out in the 11th to win the game in Cincinnati. The loss was the Reds' 11th in 13 games.

Cardinals 7, Mets 5: In St. Louis, Terry Pendleton broke a tie in the sixth with a three-run double and the Cardinals ended Dwight Gooden's eight-game winning streak.

Pirates 3, Phillies 1: Don Slaught, who singled in the first run in the second inning, doubled in two in the 10th in Pittsburgh, putting the Pirates back into a first-place tie with the Mets in the NL East.

Astros 6, Braves 2: Glenn Wilson put his team ahead with a two-run homer and Rafael Ramirez hit a double that scored three runs in the fourth inning in Houston.

Cubs 10, Expos 2: Andre Dawson drove in five runs, two with a homer and three with a double in Chicago.

Red Sox 3, Tigers 1: Roger Clemens, on his 28th birthday, struck out eight and got his 110th major league victory, but his streak of scoreless innings pitched ended at 26 on Gary Ward's two-out single in the fourth in Boston.

Royals 9, Orioles 1: Mike Macfarlane hit a grand slam and drove in a career-high five runs and Danny Tartabull homered twice as Kansas City won in Baltimore.

Indians 17, Yankees 3: Cory Snyder's grand slam off the foul pole in left field broke a 3-3 tie in the sixth and gave Cleveland its victory in New York.

White Sox 9, Brewers 6: In Milwaukee, Sammy Sosa homered with two on as Chicago scored six runs in the sixth and won its fourth straight.

Rangers 3, Blue Jays 2: Ruben Sierra drove in two runs and Bobby Witt pitched a five-hitter in Arlington, Texas, to win his seventh straight decision.

Angels 6, Athletics 5: Dave Winfield singled in the winning run with the bases loaded and one out in the 12th in Anaheim, California.

Mariners 4, Twins 3: With two outs in the ninth inning, Harold Reynolds hit a ball that bounced over the head of left fielder Dan Gladden of Minnesota, scoring Scott Bradley from first base and giving Seattle the victory in the Kingdome.

■ Dale Murphy Is Traded

Dale Murphy, who had spent his all 13 years in the major leagues with the Atlanta Braves, was traded to the Philadelphia Phillies, The Associated Press reported.

Murphy, was traded Friday for pitcher Jeff Parrett and two players to be named later. *(AP, UPI)*

The Long and Short of It in Baseball

A 2d Paciorek Marathon

The Associated Press

TOKYO — Mrs. Paciorek must have served a lot of cold dinners in her day.

On Saturday, her son Jim ended the longest game in Japan League history — five hours and 51 minutes — with an RBI single in the 15th inning. He also hit two homers and drove in six runs to lead the Yokohama Taiyo Whales over the Chunichi Dragons 6-5.

On May 8-9, 1984, his older brother, Tom, played in the longest game, by time, in major league history, an 8 hour, six minute contest.

The White Sox left fielder went 5-for-9 with three RBI as Chicago beat Milwaukee, 8-7, in 25 innings.

Jim, 30, played 48 games for the Milwaukee Brewers in 1987 before coming to Japan. Tom, 43, compiled a .282 average with six teams over 18 years in the majors.

Another Paciorek, John, 45, also played in the majors, but he didn't have the endurance of his younger brothers. An outfielder, he posted a 1.000 average for Houston in 1963, but played in only one game.

2 No-Hitters Are Stopped

The Associated Press

Doug Drabek, pitching for the Pittsburgh Pirates, lost his bid for a no-hitter in Philadelphia on Friday night when Sil Campusano of the Phillies, hitting .188 at the time, singled with two outs in the ninth inning.

The Pirates won, 11-0, when the next batter, Darren Daulton, flied out to end the game. But said Drabek, "When you get that close, you want it and I'd be lying if I said I didn't."

Meanwhile, in New York, Tom Candiotti of the Cleveland Indians lost his no-hitter and the game when the Yankees rallied for four unearned runs with two outs in the bottom of the eighth.

Candiotti, a knuckleballer, retired the first two batters in the eighth but walked Steve Sax, then Jim Leyritz was safe when shortstop Felix Fermin, on a grounder in the hole, made Cleveland's third error of the game. It was followed by rookie Oscar Azocar's ground single, closing the Yankees to 4-3, and finally by Mel Hall's three-run homer off relief ace Doug Jones.

SIDELINES

U.S. Soccer Body Elects Outsider as Its President

ORLANDO, Florida (UPI) — Alan Rothenberg, who entered the race two weeks ago, was elected president Sunday of the U.S. Soccer Federation, unseating Werner Fricker.

Rothenberg, head of the successful soccer competition at the 1984 Olympics and more recently general counsel of the National Basketball Association's Los Angeles Clippers, got 343.9 votes to 169.66 for Fricker. Paul Stiehl, the federation treasurer, got 69.2 votes.

Stiehl said he had received a call from an official of FIFA, telling him the international soccer federation supported Rothenberg. Stiehl called the election a "hostile takeover" by FIFA, which has awarded the 1994 World Cup to the United States.

Rafferty Wins in PLM Open Golf, Kite and Cook Share Lead in U.S.

MALMO, Sweden (AP) — Ronan Rafferty of Northern Ireland, despite two early bogeys, won the PLM Open golf tournament by four strokes Sunday.

Rafferty, who led from the first round, closed with a 69 for an 18-under-par total of 270. Vijay Singh of Fiji was second after a 65. Bernhard Langer of West Germany was a stroke behind Singh.

• In Memphis, Tennessee, Tom Kite came from seven shots off the pace with a 9-under-par 62 Saturday to share the lead with John Cook after 54 holes of the St. Jude Classic. Cook shot 66.

Argentina Scores Its First Victory Over England in Rugby Test Match

BUENOS AIRES (AFP) — Argentina edged England, 15-13, in a rugby match Saturday. The victory — by five penalty goals to two tries, a conversion and a penalty goal — evened the two-test series, since England had won, 25-12, the previous Saturday.

It was Argentina's first defeat of England. Including non-test matches, the English squad's tour yielded three victories and four losses.

Meanwhile, New Zealand's undefeated record since 1986 survived an improved Australian challenge in Auckland, where the All Blacks won the second of three tests, 27-17.

For the Record

The trotter Harmonious took the lead in the stretch, then held off Embassy Lobell to capture the $1,346,000 Hambeltonian at the Meadowlands in East Rutherford, New Jersey, in straight heats on Saturday.

Steve Cram, seeking a third straight European 1,500-meter championship, was selected Sunday for the British squad for the European Track and Field Championships in Yugoslavia, beginning Aug. 27, despite withdrawing from the previous night's selection trials in Birmingham with stomach problems. *(UPI)*

Ben Johnson, whose two-year ban for steroid use at the 1988 Summer Olympics will end on Sept. 24, said in Toronto that he will return to competitive racing at an undetermined indoor meet in January. *(AP)*

The World Cup ski season, due to open with a giant slalom run on Monday in Methven, New Zealand, will instead open with a slalom because of high winds on the course at Mount Hutt. *(AP)*

Sheikh Fahd al Ahmed al Sabah, the brother of the Kuwaiti emir, Sheikh Jaber al Ahmad al Sabah, was killed Thursday in the Iraqi attack on the royal palace in Kuwait. Fahd, 45, was a vice president of FIFA as well as president of the Kuwaiti soccer association and a member of the International Olympic Committee.

Italy spent 6.8 trillion lire ($5.6 billion), double the original forecast, on improving soccer stadiums, transport, communications and tourist services for the 1990 World Cup, Carmelo Conte, Italy's urban affairs minister, said in Rome. (Reuters).

Edgardo Codesal, the Mexican referee who enraged Argentina by ordering the controversial penalty that gave West Germany the World Cup championship, announced his retirement in Mexico City. "I believe a man should retire exactly when he is at the top and not when he is asked to leave," said Codesal, 39. *(Reuters)*

In Tokyo, Octopus in the Cheap Seats and Mayhem on the Field

London Calling: 63,106 Watch as Saints Win

The Associated Press

WEMBLEY, England — Britain got a taste of the National Football League on Sunday night and, for the fifth year in a row, feasted on some of the best and worst the league has to offer.

Quarterbacks John Fourcade and David Wilson directed the Saints on long touchdown drives in a 17-10 exhibition victory by New Orleans over the Los Angeles Raiders. Elvis Patterson scored the Raiders' only touchdown on a blocked punt.

The game at Wembley Stadium produced far-from-classic football but it kept the crowd of 63,106 cheering and doing the wave.

The Raiders trailed, 17-3, in the final period following touchdown runs of three yards by Rueben Mayes and one yard by Gill Fenerty plus a 27-yard field goal by Morten Anderson. Then Patterson made the play of the game.

Patterson rushed into the end zone untouched and fell on a punt by the Saints' Kevin Brown, bringing Los Angeles a touchdown. Jeff Jaeger's conversion pulled the Raiders to within seven points with 10:14 remaining but they could come no closer.

■ Hall Inductions

In Canton, Ohio, as the Pro Football Hall of Fame conducted its induction ceremonies on Saturday, new member Tom Landry commented: "I got fired and I'm in the Hall of Fame all in one year."

Inducted along with the man who coached the Dallas Cowboys for the first 29 years of their existence were Franco Harris, Jack Lambert, Buck Buchanan, Bob Griese, Bob St. Clair and Ted Hendricks.

Before the ceremony, the Chicago Bears beat Cleveland, 13-0, in an exhibition game.



Kimimasa Mayama/Reuters

Elroy Harris of Seattle found Sunday's game in Tokyo to be heady stuff.

40,000 See NFL's Broncos and Seahawks

By T.R. Reid
Washington Post Service

TOKYO — The hot dogs tasted suspiciously like fish sausage, the program cost $13, the public address announcer turned "touchdown" into a five-syllable word and the game itself was desultory. Nonetheless, a good time was had by most here Sunday as the National Football League brought its uniquely American brand of mayhem to the Tokyo Dome.

A surprisingly knowledgeable crowd of about 40,000 Japanese fans cheered the players and ogled the cheerleaders with equal enthusiasm as the Denver Broncos defeated the Seattle Seahawks, 10-7, in a sloppy exhibition game that left neither team much to be proud of.

The two teams made good on a grand total of one out of four field-goal kicks. Dropped passes and broken plays were common. The Seahawks had so much trouble with center snaps that their coach, Chuck Knox, said he might stay here a while to do some recruiting.

"If one of those sumo wrestlers can snap, I want him," Knox declared. "He could make $200,00 to $300,000 just snapping."

But if the on-field competition came up short, the counter-cultural exchange was a big hit for both sides.

The players, who passed out their own Japanese-language business cards to swarms of autograph-seekers, arrived in Japan equipped with the magic word for rich young Americans on the prowl: "Roppongi." That's the name of Tokyo's hottest nightclub district.

"A lot of the boys are spending time in that Roppongi," said Jacob Green, a defensive end for Seattle. "They say it's great, but some of the boys are having trouble with taxis. Not finding them, fitting in them."

Top honors for cultural awareness went to a wide receiver for Denver, Mark Jackson, who made a diving catch of a 32-yard pass from Gary Kubiak to score the game's first touchdown, midway through the third quarter.

Picking himself up in the end zone, Jackson spiked the ball and started into a familiar NFL-style victory prance. Then, remembering where he was, he suddenly stood up and gave the stands a thoroughly Japanese bow.

American football is gaining popularity in Japan, even while Japan-bashing by U.S. politicians is stirring resentment against many things American. The posters all over Tokyo advertising this game sought to point out the difference. "Here's a part of America," they declared in huge red characters, "where the politicians don't butt in."

About two dozen Japanese colleges now field American football teams, and another dozen teams are sponsored by companies. In Tokyo, there is even a league for young women, who put on helmets and shoulder pads and compete as furiously as the men do.

As a result, at least some of those in the crowd were generally aware of what was going on in the field. When a linebacker for the Broncos, Karl Mecklenburg, came charging in on the Seahawks' quarterback, Dave Krieg, the fans shouted "*Buritsu!*" or "Blitz!"

As in any stadium, the Tokyo Dome crowd had different looks in different sections. In the $180 box seats, nicely dressed people picked demurely at curried rice with their chopsticks and seemed more intrigued with the two miniature blimps flying around the arena than with the game.

Up in the bleachers, the folks eating fried octopus with their fingers grew increasingly raucous as the game wore on. Since Japanese stadiums sell not only beer but also sake and hard whiskey, some of the fans were downright rowdy by the fourth quarter, chanting for a Seahawks comeback and snorting in a randy fashion whenever the cheerleaders ran by.

The crowd seemed to enjoy it all. "This is great," said Norihiko Terauchi, a 5-foot, 4-inch (1.6-meter) quarterback for the Keio University Unicorns, champs of the Japanese college league. "To see John Elway and Dave Krieg pass, it inspires me for next season."

At Cooperstown Shrine, Even the Great Ones Have Their Price

United Press International

COOPERSTOWN, New York — During his career with the Cleveland Indians, Bob Feller authored three no-hitters and 12 one-hitters. Saturday, he signed autographs. For $5.

Feller, a 1962 inductee into the Baseball Hall of Fame, was one of 30 Hall of Famers at the shrine over the weekend for ceremonies to induct Jim Palmer and Joe Morgan. Feller is also one of many Hall of Famers signing bats, balls and programs, for a fee.

For the first time in its 51-year history, the Hall of Fame did not stage a complimentary autograph session on the lawn of the Otesaga Hotel, where many of the baseball greats stayed. Instead, autograph seekers had to attend autograph "shows" to gain signatures.

The Home Plate, a sports memorabilia shop on Main Street, directly across from Doubleday Field, held the largest of these shows. A large chalkboard kept fans cruising Main Street informed as to who was signing what and for how much.

"Yogi will sign only flat items and bats," a show organizer shouted, referring to Yogi Berra, the former New York Yankee great. "No balls."

After paying a $1 entry fee, those attending the shows could then purchase three autographs for $25. They could buy a limited-edition poster with caricatures of Feller, Berra, Monte Irvin, Enos Slaughter, Buck Leonard, Johnny Mize, Bobby Doerr, Warren Spahn and Brooks Robinson, or they could have a Hall of Famer sign a newly purchased ball, bat or glove.

In response to complaints from residents of Cooperstown about noise and incidents of property damage, the Hall of Fame decided to cancel the three one-hour autograph sessions traditionally held on the lawn of the Otesaga Hotel since 1982. Those sessions drew harsh criticism because they were first-come first-served, and Hall of Fame officials were seeing the autographs sold minutes after they were attained.

"We need to find a new location before we can reinstate the program," said Tom Heitz, the hall's head librarian. "It was no longer practical at the Otesaga. More that 50 percent of the people obtaining signatures we saw year after year. We will never be able to address the problem of dealers completely."

Heitz also expressed concern over the children in attendance and their perception of baseball history.

"I have witnessed transactions and have seen money change hands," Heitz said. "When children are more interested in how much an autograph is worth, the entire situation becomes self-defeating. We felt the sessions were generating more negative feelings than positive results."

Feller, dressed in a golf shirt and seated three chairs and two money counters away from Brooks Robinson during his signing session, politely autographed books, glossy photos and baseballs while adding up dollar figures on a note pad.

The Hall of Fame, which picks up the tab for all of its stars' weekend expenses, is clearly annoyed by the atmosphere that these shows have created.

"We feel like we are being taken advantage of," said Bill Guilfoile, the Hall of Fame's assistant director. "The entrepreneurs aren't paying to bring these guys into town. We are paying for them to be here."



NYT

Feller: $5 for an autograph.

Image Maker's 'Swan's Song': $15,000

By Alan Furst
International Herald Tribune

PARIS — John Flattau's latest book, "Swan's Song," a collection of 77 photographs, has to date a total sale of two. There are a couple of reasons for this: It's not easy to read — no problem with the text, but it's difficult to turn the pages. That's on purpose. The stiff paper is difficult to get hold of, the book is interleaved with acetate separations. Flattau admits the difficulty, he wanted it that way. "I'll do anything, *anything*, to hold the reader's attention a moment or two longer." The other reason is probably the price: $15,000. Still, with a one-man show opening at Paris's Agathe Gaillard gallery the first week of September, he expects to sell a few more.

Flattau's approach to photography may be described as cheerfully maniacal. He spends hours, whole days, wandering the streets of cities, shooting up rolls of film, seeking objects that seem to be living strange and curious lives of their own — rain-covered photographs, broken statuary, accidental juxtapositions of dogs and *advertising posters* — and *moments* of what Flattau calls "the public manifestation of desire." That's the maniacal part. The cheerful part is this: John Flattau may be the world's happiest lawyer manqué.

He loathed the practice of law and knew it from the very beginning but did it anyhow. A graduate of Harvard Law School, he describes *his classmates (and himself)* as "all bright people; half of them in a state of evasion, the other half very serious, they had already picked out their country clubs."

He spent years toiling at contract, acquisition and securities law, knowing from his first days at a prestigious New York law firm that he was emphatically not a litigator. He tried it once, finding himself in Bronx Small Claims Court, a scene out of "Bonfire of the Vanities." It was getting late in the evening when Flattau's case was called: His client, a chain of men's clothing stores, the defendant a 400-pound man who refused to pay for custom-made suits.

The man had ordered three suits, explaining that he wanted them a little roomier because "I'm always thin in the summer, but I put on weight in the winter." Relative terms in this case. Now he refused to pay, claiming the suits were too roomy. The retail chain, suspecting that suits tailored for a 400-pound man might not easily be sold elsewhere, sued. In court, the fat man shouted "Look at this!" Holding the waistband of his pants a foot from his stomach, he twirled and spun about the courtroom like a dancer. Flattau watched the judge's eyes widen with horror. Immediately he was summoned to the bench. "This guy's crazy," the judge whispered. "*You better settle.*" *It was almost mid-*



An image from the streets of Paris by John Flattau.

night, in a dangerous neighborhood, the fat man acting stranger by the minute. Flattau settled for half the claim.

By 1974 he could stand it no longer, quit the law firm and became what he calls "an eccentric lawyer." He had no office, and worked for "certain people who would endure that kind of attitude." But being a lawyer is never all bad, and it was as a lawyer that Flattau became associated with Lustrum Press, which published fine art photography books. Flattau became a partner in the company, handling the business end of publishing. This could be a nightmare. A shipment of books consigned to the shredder showed up in the window of a New York bookstore. "Where did you get these?" Flattau asked the owner. The man thought for a time, then said, "It's too dangerous for me to tell you." Lengthy negotiations produced compensation — and unpleasant confrontations were avoided.

This association went on for 13 years. Eventually, Flattau got curious and he "began to dabble. To walk around and look at stuff." He started to take a camera with him, and shot whatever he saw. He had always been drawn to the fulminous street life of New York, a city where everything — funny, ghastly, or just plain weird — seems to happen in public. He woke up one August night in 1984 and thought "I can do this. Why not?" The result was, a year later, a book of photographs of New York and Paris called "Bridges."

Meanwhile, Lustrum Press was going out of business. "We never lost money, but we'd gotten to the point where the creative process of making a book became the creative process of staying alive. It just wasn't fun anymore."

All through the '80s, as novelists wrote movie scripts and art photographers discovered just how much they could earn by producing an exquisite image of a heat 'n serve roll, John Flattau found himself headed the other way down the road. He showed at the Art Institute of Chicago, the Witkin Gallery in New York's SoHo. He was now doing diptychs — two photographs joined together to produce a single, often contradictory, image. There is something not exactly old-fashioned, perhaps anti-contemporary says it better, about Flattau's work. Coming to photography from law and business, he is almost shamelessly unaffected, seeks the telling, emotional image in the same way as the photographers collected in "The Family of Man" exhibition sought it.

There is hardly any text in "Swan's Song," but what there is is instructive and catches in words the kind of thing Flattau is after in his photographs. The following caption refers to a photograph of a woman's head sculpted in plaster:

"Early this century, a young girl, in despair, drowned herself in the Seine. When the police pulled her body from the river, they were astonished at the calmness and beauty of her face in death. A casting was made to preserve that image. In time, that cast, because of its extraordinary qualities, was made in multiples, and was used, and still is used, by art students as a model for their drawings."

A found image, and a good one. That expression may define the oldest and most durable function of photography, and it certainly describes what John Flattau is all about — both in his exhibited work and on the streets of cities.

LANGUAGE

Word Up, What's in an Acronym?

By Jack Rosenthal

NEW YORK — One way to stand out in a world swimming in mere abbreviations is to assemble the letters into pronounceable words.

The most obvious reason to coin an acronym is mnemonic, to make a term easy to remember. Mothers Against Drunk Driving are plenty *MADD*. Students Against Driving *Drunk are surely SADD. They have* now been joined by a group of black fathers in Omaha eager to provide role models for their sons. Men Against Destruction/Defending Against Drugs and Social-Disorder are *MAD DADS*.

Other acronyms provide shorthand for technical terms. The Pentagon has turned this kind of acronymics into an art form. *Slicken, Glickem* and *MIRV* — the terms sound more like a law firm than the vocalized names of missiles.

SLCMs are sea-launched cruise missiles; GLCMs are their ground-launched cousins, and MIRVs (multiple independently targetable re-entry vehicles) are long-range missiles with more than one warhead.

Such terms, like *LASER* and *SCUBA*, eventually become so commonplace as words that we forget *their acronymic origin.* (LASER: light amplification by stimulated emission of radiation; SCUBA: self-contained underwater breathing apparatus.)

MITTS is another acronym spawned by modern technology. It stands for "minutes of telecommunications traffic," a *statistic to* measure voice, fax and data transmission on public circuits to other countries. It's the idea of Gregory Staple and Mark Mullins, consultants to the International Institute of Communications in London.

Who has the most MITTS? The United States, with so many phones, has the largest total — 5.3 billion in 1988. But on a per capita basis, the United States ranks only ninth, well after Hong Kong, Singapore and Canada.

While some acronyms are shorthand for the technically complex, others are shorthand for the socially profound. *NIMBY* — "not in my backyard" — has been familiar in New York since the mid-1980s, but now it is becoming understood everywhere, because it describes attitudes expressed everywhere, whether by neighbors upset by the prospect of a shelter for the homeless in suburban New York or a new airport in exurban Denver. The neighbors, these days, are much less likely to submit to municipal authority with docile good citizenship.

Another such acronym is *GOMER* — for "get out of my emergency room." Medical insiders' lingo, it refers to whining, undesirable patients. More recently, however, the term has taken on a particular meaning, referring to old, poor patients. As pressure to curtail medical costs increases and as the number of inner-city physicians diminishes, more ailing old people are likely to struggle to get to hospital emergency rooms, and more attendants are apt to think, if not say, *GOMER*.

NIMBY and *GOMER* have several points in common. Both seem to have survived the 1980s and made their way into the language. And both terms may indirectly typify the 1980s. They both involve exclusion, and they have the letter M in common: M as in "my."

□

Just as new names and new concepts generate occasional new words, an underlying imperative of language regularly pumps them up also: the desire to be novel, expressive and colorful.

A circular example is *neat!* In the 1950s, it was the youthful word of choice to express superlative approval. That changed to *terrific.* Then came *super,* which yielded in turn to *EX-cellent.* What is it now? Students home from five colleges in the Northeast report that *EX-cellent* endures, but a new in word is also heard: *neat!*

Several other neologisms have endured long enough to take seriously:

Blowing off. This started as a collegiate term meaning "ducking" or "avoiding." Now it has entered political speech and taken a bow on page 1 of The Washington Post. Here is Fred Wertheimer, president of Common Cause, the public-interest lobby, talking in February about questionable campaign finance practices: "Both Democrats and Republicans acted in a way that is blowing off what parties can do in House races."

Random. A collegiate term that has become a staple of speech in Boston-area schools and elsewhere is used as an adjective and as a noun. As an adjective, it retains its usual meaning of "haphazard" or "purposeless," but it's also used to mean "ambiguous," as in "That sure was a random movie." As a noun, it describes miscellaneous people or activities, as in "Who was at the party?" "Oh, randoms."

Outing. A harsh tactic that bears no relation to a picnic in the park. The term describes the efforts by some gay people to disclose the secret homosexuality of public figures. It is derived from "coming out of the closet," the act of publicly acknowledging one's homosexuality. Some writers for gay publications defend outing as a way to assail public officials who are privately homosexual but present themselves as homophobic. Others denounce the tactic as an intolerable invasion of privacy.

Spending down. This social-welfare term describes what is often a nightmare for older adults whom society deems not yet poor enough. It refers to what they must do with their assets — in some cases, even selling their home — before Medicaid will pay for *long-term nursing* care.

Word or *Word up.* These are terms popularized in rap music that mean "truly," "honestly," as in the expression "you have my word." The term has been popular in black and youth culture for some time. "Word Up" is the title song of an album by Cameo issued in 1986 ("Come on, ba-by, tell me what's the word — A word up").

Now the term has broken out into more general use — in a Pepsi-Cola television commercial. It is performed by Young MC, a rap performer and Grammy Award winner who has a degree in economics from the University of Southern California.

The ad, called "Cool Cans," provides printed translations of the rap. For example, he chants: "So yo! Stop kicking. Your pace better quicken / Before they run out or your clock stops ticking." Translation: "Get this limited edition while supplies last." The closing reverses this patter pattern. Young MC says, in standard parlance, "Really, I'm not kidding." The *translation this time:* "He says, 'Word Up!' "

And that, word up, is the last word.

Jack Rosenthal is the editorial page editor of The New York Times. William Safire is on vacation.

New York Times Service

Page 6 FOR MORE CLASSIFIEDS

INTERNATIONAL CLASSIFIED

ALL SUITE HOTELS

JUST OPENED IN PARIS
THE ULTIMATE LUXURY
46 AVE GEORGE V

Relais CARRE D'OR

Right on the Ave. GEORGE V just off the CHAMPS ELYSEES
23 prestigious suites in a luxury residence offering warm hospitality in a refined and discreet atmosphere.
A charming restaurant
"Le Club du Relais" overlooking the Avenue George V, room service, a beautiful inner garden, full of charm & character, private parking facilities.

RESERVATION:
Tel (1) 47.20.05.05. Fax (1) 47.23.30.90

SUMMER RENTALS

PARIS & SUBURBS

ETOILE, 2 bedrooms, 1 living, all comfort, very quiet. August/September. F8,000/month. Tel (1) 47 66 91 22

SUMMER RENTALS

PARIS & SUBURBS

PARIS 15th, original large, bright, 2 bedrooms, living, well equipped, nice area. Aug-Sept F6,500/mo. 14584954

ANNOUNCEMENTS

THE IHT IS NOW
AVAILABLE IN MANY
U.S. CITIES ON DATE
OF ISSUE

Now printed by satellite transmission in New York the International Herald Tribune offers same-day home or office delivery in Manhattan, most areas of Boston, Houston, Los Angeles, Miami, Philadelphia, San Francisco and Washington D.C.
Subscription copies are now flown directly to Atlanta, Chicago, Denver and Seattle for speedy mail delivery.

In the U.S.A., call
TOLL FREE
1-800-882-2884
In New York, call
(212) 752-3890

ANNOUNCEMENTS

MIA SCHON. The most refined of all flats, in ZURICH exclusively at - WEINBERG's - leading men's store - 13, Bahnhofstr. 01-211 29 50

LONDON TIPP! Best seats available Phantom, Aspects, Les Mis, Cats, Miss Saigon. Book Now! on 071 388 1594. All major Credit Cards accepted

ALCOHOLICS ANONYMOUS English speaking meetings daily. Tel: PARIS 46 34 59 65 or ROME 678 0320.

MOVING

1992 - NOW!
interdean
INTERNATIONAL MOVERS
FOR A FREE ESTIMATE CALL
PARIS (1) 39569000
NICE COTE D'AZUR 93742121

MOVING

MARTINI TECHNOTRANS - NICE / CANNES. Tel: 93.39.43.44. Overseas Moving - Storage - Packing - Air/Sea Shipping, Car/Baggage, Clearance.

REAL ESTATE FOR SALE

FRENCH PROVINCES

CAP D'ANTIBES
2 minutes Garoupe Beach
in pine grove, beautiful farm of the century estate, 17 rooms, vast receptions, 12 bedrooms. F25,000,000.
PRIVILEGE INVESTISSEMENTS.
Tel: (33) 93 38 90 07
Fax: (33) 93 38 92 84

GREECE

AEGEAN ISLAND OF IOS, luxurious, fully furnished villa, 3 bedrooms with bathrooms, unique site with panoramic view + 11,000 sq.m. of land. Call Athens 32 36 720 or 32 41 828

ISLAND OF SPETSE house that sleeps 10, freehold £40,000, gorgeous views, British plumbing. Telephone UK (0) 81 874 - 9618 (London).

PARIS & SUBURBS

16th, VILLA MONTMORENCY
6 ha. oasis of greenery - the countryside in the heart of Paris - Town house, 356 sq.m. - 200 sq.m. garden.

ROLAND GARROS
Charming 19th cent. English cottage, 130 sq.m. + annex apartment of 70 sq.m. - 300 sq.m. garden.

16th, BD MONTMORENCY
Invoicate view on Auteuil racetrack, high class 5th E. apartment, 355 sq.m. + balconies + 2 maids' rooms + 2 garages.

NEVEU & COMPANY
Tel (1) 47.42.96.96. Fax (1) 47.42.19.29

PARIS 16TH: prestigious address, apartment professional use, 130 sq.m., 34 12 03 32 mornings

REAL ESTATE TO RENT/SHARE

GREAT BRITAIN

KNIGHTSBRIDGE £59/night serviced luxury flats beside Harrods. From £35 in Kensington, Claridge Apartments Tel: 071 235-1611 Fax: 071 373-0036.

MONACO

CENTER OF MONTE CARLO
SPLENDID 4 ROOM APARTMENT
for rent, prime location opposite the Casino Casino, in a luxury building nearing completion large living area, fully equipped kitchen, 3 bedrooms, 3 bathrooms, dressing, with independent studio apartment.
VIEW OF CASINO GARDENS AND MEDITERRANEAN
For further details please contact:
AGEDI
26 bis, Bd Princesse Charlotte MC 98000 MONACO
Tel: (33) 93.50.66.00. Telex: 479417 MC Fax: (33) 93.50.19.42.
BY Residence.

PARIS AREA FURNISHED

Rent a FLAT or an OFFICE in Paris. By day or more. With all possible hotel services. Housekeeping, room service...etc. Studio up to 5 rooms.

FLATOTEL TOWER
on the River Seine, right beside the Eiffel Tower.
FLATOTEL EXPO a few meters from the exhibition center Porte de Versailles.
For more information
Call (1) 45 77 05 55

74 CHAMPS ELYSEES
LE CLARIDGE
FOR 1 WEEK OR MORE
high class studio, 2 or 3-room apartments, FULLY EQUIPPED
IMMEDIATE RESERVATIONS
Tel: (1) 43 59 67 97

REAL ESTATE TO RENT/SHARE

PARIS AREA FURNISHED

AT HOME IN PARIS
3 MONTHS TO 3 YEARS
apartments for rent furnished or not

PARIS PROMO
Real Estate Agent - Property Manager
25 Ave Hoche, 75008 Paris. 45 63 25 60

INTER URBIS
UNFURNISHED/FURNISHED RENTALS
FLATS & HOUSES FOR SALE
31 rue de Monceau, Paris 8th.
Tel: (1) 45 63 17 77

ETOILE
NEAR CHAMPS ELYSEES
2 rooms, 55 sq.m. to rent furnished
3-month to 3-year lease.
Tel: (1) 47 04 53 39 - even: 42 25 27 11

RESIDENCE CITY
THE VERY BEST RENTALS
Phone Paris (1) 45 27 12 19

BASTILLE: Aug 10 - Dec 13. Furnished studio, full bath, kitchen with window, slanted beamed ceiling. Dish/ cable, TV & phone outlets. Elevator. 350 x 250 closets. Individual heat. F3400 + F200 charges. Tel: 40 09 21 36 or 40 09 82 92.

EXCLUSIVE FURNISHED RENTALS
FIRST IN QUALITY AND SERVICE
Tel: 1-47 53 85 38. Fax: 1-45 51 75 77.

PARIS BIENVENUE. Furnished studios & apartments in central Paris, nightly, weekly, monthly. Chauffeur available to & from airport. (1) 47 53 80 81.

REAL ESTATE TO RENT/SHARE

PARIS AREA FURNISHED

16th LA MUETTE Cote, charming 1½ bedrooms in beautiful area near park, metro, shops. For 3-12 mos. F7,500/mo. Call 45 25 68 29.

NEAR ETOILE, quiet flat, nicely renovated, living, bedroom, bath, equipped kitchen, linen provided, short or long term. F7,000/mo. Tel (1) 40 51 79 49

NEUILLY Metro Sablons, extremely charming living, 2 bedrooms, eat-in kitchen, well decorated and equipped, sunny, quiet. F9,000. (1) 47.20.07.99.

HIGH STANDARD furnished apartments, best areas from 3 months to 3 years. Exclusive Tel: 1 - 47 53 86 38.

NEAR LUXEMBOURG PARK unique 2½ cabs sunny large modern rooms. No agent. 5175/week. (1) 43 22 28 17

16th, ETOILE Beautiful living, + 2 bedrooms, well equipped kitchen, large bath. F9,000. (1) 47.20.07.99.

16TH MUETTE charming sunny living + bedroom, cozy eat in kitchen, well equipped. F5500. 47.20.07.99.

15th MONTPARNASSE, large studio, newly redone, all comforts. F4,000 net. MID-INT 43 29 39 91

PARIS AREA UNFURNISHED

Embassy Service
8 Ave. de Messine
75008 Paris
YOUR REAL ESTATE
AGENT IN PARIS
45.62.30.00
FAX 42.89.21.54

AVE MONTAIGNE luxurious studio, available immediately, F9,400 charges comprises. Tel: (1) 46 05 46 32.

REAL ESTATE TO RENT/SHARE

PARIS AREA UNFURNISHED

86 RUE DE BERRI, very beautiful 33 sq.m. studio, equipped kitchen. Possible parking. F4400 + charges. 40080097

REAL ESTATE WANTED/EXCHANGE

PARIS BEAUBOURG, student exchange studio for similar in Manhattan. Sept. 1990-June 1991. (1) 42.77 64 98

EMPLOYMENT

GENERAL POSITIONS AVAILABLE

LIVING IN AFRICA?
Part-time Training Specialists needed to support USAID private sector training activities throughout Africa.
Fax CV and letter of interest to HRDA Project Director (USA) 703/524-7668.
Equal Opportunity Employer

GENERAL POSITIONS WANTED

GENEVA OR SOUTH OF FRANCE, attractive and responsible French Lady, top level international background and experience, social and flexible, fluent in French, English and German, free and willing to travel, seeks permanent confidential position with high level business requesting her personal assistance in P.R. and administrative duties. Write to: agter P18-115372, Publicitas, CH-1211 Geneva 3

YOUNG FRENCH LADY, personal assistant, well educated, reliable, perfectly bilingual English-French, free to travel. Tel: Paris (1) 46 51 42 30

EDUCATIONAL POSITIONS AVAILABLE

UNIVERSITY LECTURERS
Applications are invited in American government and history, computer studies and software applications, mathematics, and speech. Doctorate preferred. Recent teaching experience in American university system highly desirable. Must be national of a NATO country. Program is offered at scores of locations throughout Western Europe.
Director's office,
The University of Maryland,
Im Rosenkorn 30,
6900 Heidelberg,
West Germany.
Tel: (0 6221-376000.
Fax: (0 6221-376300.

DOMESTIC POSITIONS WANTED

YAMEY/CHAFFEUR (British, 28) seeks temporary summer post. Box 3229, IHT, 63 Long Acre, London, WC2

LOW COST FLIGHTS

ACCESS VOYAGES

	One Way	Round Trip
New York	F1295	F2595
Los Angeles	F1895	F3590
Miami	F1695	F3190
Montreal	F1000	F1890
Vancouver	F2250	F4195
Rio de Janeiro	F3195	F4695
Australia	F4510	F7990
Japan	F4195	F7595
Caribbean	F1480	F2690

and more destinations ...
Discount on 1st & business class
Rates subject to modification
Restrictions may apply
Tel: (1) 40.13.02.02 & 42.21.46.94
Fax: 45 08 93 35
6 rue Pierre Lescot, 75001 Paris
Metro - RER Chatelet Les Halles
(Lic. 175.111)...and also

ACCESS IN LYONS
Tour Credit Lyonnais, 129 rue Servient
69003 Lyons. Tel (16) 78 63 67 77
Book now by phone with credit card

1ST OR BUSINESS CLASS ONLY Frequent Travellers to Orient/Australia/Africa/North & South America. Save up to 50%. No coupons, no restrictions. Imperial Canada 514-341-7227

WORLDWIDE scheduled departures at the lowest ever discount economy airfare. Credit cards possible. Tel Paris: 42 89 10 81 or Fax: 42 56 25 82

BUSINESS MESSAGE CENTER

ATTENTION EXECUTIVES
Publish your business message in the International Herald Tribune, where more than a third of a million readers worldwide, most of whom are in business and industry, will read it. Just telex us (Paris 613595) before 10 a.m., assuring that we can telex you back, indicate which major credit card you wish to charge it to, the number and expiration date, and your message can appear within 48 hours. Please also include your address and telephone number for our files.

BUSINESS OPPORTUNITIES

OFFICE SALE
Antique English partner's desk, compaq 286 & 386 desktop & 286 SLT laptop, all full of software, office desks, black leather chairs, file cabinets, etc. All nearly new, 30 to 50% discount. Call Paris 40 67 90 68.

BUSINESS SERVICES

OUR BUSINESS IS TO SUPPLY
RAW MATERIALS FOR INDUSTRIES
INDUSTRIAL CHEMICALS
INDUSTRIAL MACHINERIES
INDUSTRIAL PLANTS
Our offices in West Germany and United Kingdom working together to satisfy customer's demand. Please send your enquiry to UK address as follows:
SKIPGATE LTD
24 PINE GARDENS, SURBITON
Surrey, KT5 8LH
Phone: 081 399 7795
Telefax: 081 390 6110
TELEX 267595 DYNAMO G
Cable: SKIPGATE SURBITON.

BUSINESS IN PARIS? Prestigious castle near Charles de Gaulle Airport invites int'l business executives to apply for membership. Fully equipped deluxe business, living and leisure facilities. Golf, squash, tennis, pool etc. For information fax Paris +331 - 48921946

LONDON ADDRESS BOND STREET. Mail, Phone, Fax, Telex, Conference rooms. Call 071-499-9192. Tx 262890.

PARIS ANSWERING SERVICE - Vendome 1-40.20.08.20 Answers in your name F700. Mailbox, fax/tx, secretary

OFFICES FOR RENT

3 OFFICES, PARIS, renovated with phone system. Completed in June. Must be seen. Very reasonable. Place Victor Hugo. Tel: (1) 40 67 93 68

AUTO RENTALS

CENTURY SELF DRIVE
New cars - Unlimited mileage

RENAULT 5	F	990/week
RENAULT CLIO	F	1,090/week
PARIS/OPERA		42 61 66 68
ORLY AIRPORT		46 87 16 68
C.D.G. AIRPORT		34 29 80 68
NICE AIRPORT		93 21 11 18
LYON		78 95 44 88

AUTO SERVICES

LICENSE PLATES expired? Fast solution: Position Ltd. BOM Box 49, LONDON WC1N 3XX, UK. (71-404-5011; fx 081-9065342. We also insure cars at once.

AUTOS TAX FREE

TRASCO BREMEN. Tax free new and used Alfa, Audi, BMW, Ford, Mercedes, Opel, Porsche, Volkswagen, Volvo. Steinsdamm 38, 2820 Bremen 77, Germany. Tlx: 244624. Fax: (0)421/630205. Tel: (0)421/630044.

TRASCO BREMEN Mercedes + Audi Armored cars & stretched limousines from stock. Steinsdamm 38, D-2820 Bremen 77 Germany. Tlx: 244624. Fax: (0)421/630205. Tel: (0)421/633044.

AUTO SHIPPING

TRANSCAR 17 av de Friedland, 75008 Paris. Tel 4225 6444. Nice 9281 2288. Antwerp 233 9985. Cannes 9339 014

LEGAL SERVICES

DIVORCE IN 24 HOURS, Dominican. Legal since 1971. Send $4 for book. Atty. Dr. Martini, P.O. Box 45475, Washington, D.C. 20035 USA

QUICK DIVORCE - ATTORNEY legal service, Karlsruhestr. 12a, 6900 Heidelberg. Tel: (49) 62213280.

BUSINESS OPPORTUNITIES

OFFSHORE COMPANIES
TRUSTS
INSURANCE COMPANIES.
BANKS
We are ten years established in providing offshore services to companies engaged in all types of businesses.
ASTON CORPORATE MANAGEMENT
79 Peel Road, Douglas, Isle of Man.
Tel: 0624 26591 Tlx: 627691 ASTON
Fax: 0624 25126
Premier House, Westminster, London.
Tel:(1) 222 8866 Fax:(1) 233 1519.

INTERNATIONAL OFFSHORE COMPANY INCORPORATIONS FROM US$150
Comprehensive professional services include nominees, Representative offices, Powers of attorney, telex, telephone Fax, mail forwarding worldwide
Island Registries
National House,
Santon, Isle of Man.
Phone: (0624) 824555
Tlx 628352 blord G. Fax: (0624) 822649

HONG KONG CORP., $415. Annual cost $398. Sil Ltd. 701 35 Queen's Rd, HK. Tlx: 83870. Fax: 852-840-0217.

AUTO SHIPPING

TRANSCAR 17 av de Friedland, 75008 Paris. Tel 4225 6444. Nice 9281 2288. Antwerp 233 9985. Cannes 9339 014

LEGAL SERVICES

DIVORCE IN 24 HOURS, Dominican. Legal since 1971. Send $4 for book. Atty. Dr. Martini, P.O. Box 45475, Washington, D.C. 20035 USA

QUICK DIVORCE - ATTORNEY legal service, Karlsruhestr. 12a, 6900 Heidelberg. Tel: (49) 62213280.

Place Your Classified Ad Quickly and Easily in the INTERNATIONAL HERALD TRIBUNE

By Phone: Call your local IHT representative with your text. You will be informed of the cost immediately, and once prepayment is made your ad will appear within 48 hours.
There are 25 letters, signs and spaces in the first line and 36 in the following lines. Minimum space is 3 lines. No abbreviations accepted.
Credit Cards: American Express, Diner's Club, Eurocard, Master Card, Access and Visa.

HEAD OFFICE
Paris: (For classified only): Tel.: (1) 46 37 93 85, Tx.: 613595, Fx.: 46379370.

EUROPE
Andorra: Tel.: 28264. Fax: 28264.
Amsterdam: Tel.: (020) 730 757. Fax: (020) 73 76 27.
Athens: Tel.: 653-5246. Tx.: 218344, Fx.: 7249508.
Bergen (Norway): Tel.: (05) 913070.
Brussels: Tel.: 343-1899, 343-1914.
Copenhagen: Tel.: (45) 31 42 93 25.
Dublin: Tel.: 797600.
Edinburgh: Tel.: 557 3295.
Frankfurt: Tel.: (069) 72-67-55. Tx.: 416721, Fx.: 727310.
Helsinki: Tel.: 647412.
Istanbul: Tel.: 132 0300. Tx.: 26388 ODVI TR.
Lausanne: Tel.: (21) 28-30-21. Fx.: (21) 28-30-91.
Lisbon: Tel.: (351-1) 247 72 93. Tx.: 66885 INTERO P. Fx.: 2477352.
London: Tel.: (71) 836-4802. Tx.: 262009, Fx.: 2402254.
Madrid: Tel.: 555-3306/555-2891.
Milano: Tel.: 5462573.
Stockholm: Tel.: (08) 7172205. Fx.: (08) 7174611.
Tel Aviv: Tel.: 03-455 559. Fx.: 972-3-5468168.
Vienna: Contact Frankfurt.

NORTH AMERICA
New York: Tel.: (212) 752 3890. Toll free: (800) 572 7212. Tx.: 427 175. Fax: 755 8785.
Chicago: Tel.: (312) 201-9393. Fx: (312) 201-9398 Toll free: (800) 535-6208.
Florida: Tel.: (407) 869-8338, Fax: (407) 869-0683. Toll free: (800) 442-3216.
Houston: Tel.: (713) 627-9930. Tx.: 910-881-6296. Fx.: 713-627-9191. Toll free: 1-800-526-7857.
Los Angeles: Tel.: (213) 850-8339. Tx.: 650 311 7639. Fx.: 2138518537. Toll free: (800) 848-4739.
Toronto: Tel.: (416) 585-5485. Tx.: 06-219629. Fx.: 416 5855275. Toll free: (800) 387-9012.
Honolulu: Tel.: (808) 735-9188 Fax: (808) 737-1426

AFRICA
Tunis: Tel.: 710 797.

KENYA
Nairobi: Tel.: (254-2) 740251 Fax: 741411.

SOUTHERN AFRICA
Bryanston: Tel.: 706 14 08.

LATIN AMERICA
Bogota: Tel.: 236 9747 - 256 6096.
Buenos Aires: Tel.: 322 57 17
Caribbean: based in Florida. Tel.: (407) 869-8338. Fx: (407) 869-0683.
Costa Rica: Tel.: (506) 240642. Tx.: 1050 RACSA.
Guayaquil: Tel.: 32 81 81/325248. Tx.: 3196.
La Paz (Bolivia): Tel.: (00591-2) 359842/358130. Fx: (00591-2) 358293. Tx: 3252 (TESTERBV).
Lima: Tel.: 417 852.
Mexico: Tel.: 535 31 64.
Panama: Tel.: 69 09 75.

MIDDLE EAST
Amman: Tel.: 62 44 30. Fax: 624468.
Bahrain: Tel.: 270741.
Beirut: Tel.: 341 457/8/9.
Cairo: Tel.: 3499838.
Doha: Tel.: 416535.
Dubai: Tel.: 224161.
Kuwait: Tel.: 252 3485.
Oman: Tel.: 708049. Fax: 706256.
Sana'a: Tel.: 272672.

FAR EAST
Hong Kong: Tel.: 861 0616.
Bangkok: Tel.: 258 32 44.
Bombay: Tel.: 413 73 96.
Jakarta: Tel.: 586 077.
Karachi: Tel.: 526 901.
Katmandu: Tel.: 221-576.
Manila: Tel.: 817 07 49.
Seoul: Tel.: 734 76 11.
Singapore: Tel.: 223 64 78/9.
Taiwan: Tel.: 752 44 25/9.
Tokyo: Tel.: 504-1925.

AUSTRALIA
Middle Park: Tel.: (03) 696 02 88

NEW ZEALAND
Auckland: Tel.: 775 120.

U.S. IMMIGRATION MADE EASY
The Insiders' Guide
Secrets of Getting Green Cards and Visas Without Paying Thousands of $$$$$ to a Lawyer!



★ HIGHLY RECOMMENDED ★
"Highly recommended ... Instructive and explanatory" US DEPARTMENT OF STATE
"Definitely ranks among the best" UNIVERSITY OF CALIFORNIA
"A step-by-step, easy-to-use manual" Society of HUMAN RESOURCES MANAGEMENT
"A vast amount of useful information" LIBRARY JOURNAL
"Saves $500 to $8,000 in legal fees" ASIAN WEEK
"Well worth the investment" IRISH ECHO
"User-friendly, doesn't intimidate" INDIA WORLDWIDE

Inside Information! Absolutely Everything You Need to Know
COMPLETE: Families • Professionals • Businesses • Workers • Students and More
RELIABLE: Written by Expert Immigration Attorneys
EASY: Step-by-Step Instructions • Anyone Can Do It
BIG: 620 8½ X 11 pages • 100 Pages of Sample Forms

SPECIAL
REGULAR PRICE $79
Now Only $68.
plus shipping

ORDER NOW BY MAIL OR FAX
FAX: (331) 46-37-52-12

Published by Sheridan Chandler Company
Available through the
Herald Tribune.
181 avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France

Payment by Credit Card Only
Please ship my order for _____ copies of *U.S. Immigration Made Easy* @ $68 U.S.D. each plus shipping. $18. Europe $27 Outside Europe
Please charge to
☐ Visa ☐ Mastercard ☐ American Express ☐ Diners Club ☐ Access ☐ Eurocard
Card Number _____ Expiration Date _____
Signature _____
Name _____
Address: _____
Country _____ Telephone _____

Imprimé par Offprint, 73 rue de l'Evangile, 75018 Paris.